Daily Report

Latin America

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FBIS-LAT-93-185 *27 September 1993*

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Cristiani Addresses Parties' Conference

PA2509004693 San Salvador Radio Cadena YSKL in Spanish 1710 GMT 20 Sep 93

["Excerpt" of speech by Salvadoran President Alfredo Cristiani at the Second Conference of Central American Political Parties in San Salvador on 20 September—recorded]

[Text] Mr. President of the Legislative Assembly and deputies; Mr. President of the Supreme Court of Justice and magistrates; Mr. Vice President of the Republic; President of the Central American Parliament, members of the Board of Directors, and parliamentarians; ambassadors and heads of diplomatic delegations accredited in the country; members of the Cabinet; representatives of international organizations; Mr. President of the Central American Parliament's political commission; attendees at the Second Conference of Central American Political Parties; dear friends:

First, I wish to thank the madame president of the Central American Parliament for her kind words. I wish to say at the outset that all Salvadorans must be credited with the peace won in El Salvador [applause] and that we feel proud to have participated in this process, which is so important for our fellow men. We are especially happy to address you this morning, distinguished members of the Central American Parliament, during the opening of the region's Second Political Parties Conference. Our country welcomes with its usual hospitality the Central American brothers, who represent various political forces and expresses through me its greetings of deep friendship, consistent with the climate of understanding, friendship, and companionship that prevails among us all, the citizens and institutions of this great nation on its way to restoration and revitalization, Central America.

We are not meeting casually or in a randomly chosen location. We are commemorating the 172d anniversary of independence. The winds blowing through Central America are very contagious. As in a fascinating game of time, the ideals for which our distinguished forefathers struggled and sacrificed themselves are reemerging in a renewal which until recently not we did not even dare imagine. What was born 172 years ago could not mature because of huge gaps and alienation caused by our naivete and inexperience. Now, after long, convulsive, and traumatic decades—nearly two centuries—have elapsed, the old dream has returned. We are sure it will come true because history has taught us clear lessons and because the consequences of mutual indifference and obsessive and unjustifiable mistrust led us into a crisis, which in the past decade very nearly destroyed our structures and plunged us into the most catastrophic regional chaos.

Central America was born of a crisis. It is now emerging from another crisis. The urgent effort, which saw its first strategic victory in the framework of Esquipulas II, has gradually been laying the groundwork for regional pacification, albeit with difficulties and obstacles, but also with a great potential for permanent stability. In this sense, we can say with honest and genuine pride that peace in El Salvador is—in addition to being exemplary in every respect—necessary to give impetus to the modernization of the region. Our peace is not a circumstantial agreement, but one of basic coexistence, with a genuine institutional inclination. In the institutionalization of peace lies the destiny of our democracy. A major responsibility for this great effort rests with the political parties.

Political parties are the main channels for expression of popular will in the exercise of power. If our institutional effort has failed, its failing encouraged the development of parties as organized and directional forces, key factors in the establishment of freedom's principles and values. In this regard, the historians have a lot to do in terms of research and clarification. There are many causes of and motives behind this. Nevertheless, past experience and the sacrifices exacted by this experience indicate that without strong, evolutionary, and truly representative political organizations, we cannot aspire to genuine stability or progress. Democracy is a broad network of healthy balances and counterweights in the government, the state, and society. But the imbalances that lead to democracy are neither mechanical nor spontaneous. Democracy does not grow like a wild crop but must be planted and cultivated. This is why education about democacy must be a priority in the nation's education plans.

That education must also be imparted in the formal school programs and also, fundamentally, in our everyday living. To educate for democracy is, at the same time, to live it with all the challenges it entails. To live democracy, one must prepare to confront all the impulses that lead to autocracy, authoritarianism, totalitarianism, and endemic confrontations. Democracy stems from the basis that all members of society have the fundamental right to participate in the shaping of our national destiny. This can be seen more clearly in our time.

We can see how the traditional concept of representative democracy has been enriched with the substantive idea of participation. We know now that a representative democracy that is not truly participative from the base is weak and easily broken. This modern expansion of concepts and realities also constitutes a challenge for survival and development for the most important representative factors of the political drama, which are the parties.

In the past, political reality in virtually all of our incipient organized societies did not care about defending borders between civil society, the state, and the government. Much of our institutional confusion stems from that endemic lack of definition. We are beginning now to define areas of action and responsibility in such a way that democratic mechanisms can create healthy and constructive balances, not only in the government but also in the state and society. Although it is true that the

primary function of political parties is to serve in conveying the people's energy toward the government organizations, in a democracy they also have the responsibility of serving to promote the stability of the state and orienting society for development aimed at goals of liberty, justice, and progress.

Perhaps what is perceived as a crisis of credibility in the system of parties at the international level is that the political organizations have yet to assume a broader role in light of the challenges that are given within the framework of those three realities—the government, state, and civil society. The parties' role cannot be limited to aspiring to quotas of power in the government, which, of course, is legitimate in a democracy. On aspiring to that responsibility, they must also commit themselves to promoting the fundamental stability of the state, with the concerns and expectations of society as a whole. Within that order of responsibility....[interrupted in progress]

Rio Group Issues Statements on GATT Talks

PY2509140193 Montevideo LA MANANA in Spanish 18 Sep 93 p 2

[Text] Gathered in Montevideo on 17 September 1993, in the presence of GATT Director General Peter Sutherland, and after examining the prospects for the Uruguay round negotiations, the ministers of the Rio Group member countries express our concern over the current stage of negotiations, as well as our determination to reach a significant and balanced result that adequately contemplates the interests of the region.

1. We express satisfaction over the resumption of negotiations at the multilateral level after two years of scarce progress in these negotiations. The successful conclusion of the Uruguay round within the next few months is an indispensable requirement to overcoming the current difficulties being faced by the international economy and trade.

2. We reiterate our commitment to do our utmost to maintain the dynamics of the negotiations process, and urge all the participants to respect the objectives and principles established in the Punta del Este declaration and the agreements reached in the midterm review.

3. The way in which the negotiations have been conducted so far and their slowness, which are a result of the bilateralization of the process, have caused the interests of the region to become overlooked, and violate the accords reached on the need to conduct open negotiations with broad participation. The resumption of negotiations based on these principles constitutes an indispensable condition to recovering the time already lost and advancing in these areas.

4. Complying with the Uruguay round objectives, our countries—in an autonomous and significant manner—have opened up their markets. The other participants in the Uruguay round, particularly those with more importance in the field of trade, have benefited from this opening. Simultaneously, the access we have offered and our positive contributions to traditional and new areas have allowed us to stimulate multilateral relations. Our region's policy, however, has not been reciprocated. On the contrary, we have been watching the situation become worse as a result of the violation of status quo commitments, the adoption of new protectionist measures, and the failure to comply with the GATT Special Groups' recommendations. In this regard, we are especially concerned over the restrictions recently imposed by the EC on banana imports, as well as the EC restrictions on apple imports and U.S. restrictions on tobacco imports, which contradict GATT provisions currently in force and are clear examples of the situation.

5. An equitable conclusion requires a satisfactory result regarding access to markets. We observe with a degree of concern that the situation continues to be unsatisfactory for priority sectors in our countries, such as those of agriculture, textiles, tropical products, and the exploitation of natural resources. At the same time, proposals such as the reciprocal zero tariff system [propuestas cero por cero] are being made, which may benefit industrialized countries, but which are not an appropriate answer to the needs of our region.

6. We reiterate that the farming sector is of key and priority interest to our countries. Significant progress must be attained in the farming field if we are to arrive at a successful conclusion to the round of talks, with the region accepting the results of a final package of decisions. Such decisions must ensure a considerable liberation of access to markets, a reduction in internal subsidies of exports, and the implementation of sanitary and phytosanitary measures based on the dispositions and regulations established by the Final Act project.

[Text] 7. The Blair House agreement, which is the result of an agreement between the United States and the EC, weakens the Final Act project, marking a distance from the agricultural opening sought by our countries. The region has accepted the Final Act project as a basis for reaching an agreement in the farming negotiations, despite the fact that its modest scope does not meet the objectives and expectations of the Latin American countries. The negotiations for access to markets in the farming field should improve this scope and make it possible to reach an acceptable agreement.

We consider that farming reform constitutes a continuous process aimed at the elimination of all measures that distort the international argricultural trade.

8. We understand that the attempts to draft the introduction to the Final Act project imply a serious risk of disrupting the delicate equilibrium so far reached, which may lead to the failure of the round of talks.

9. The creation of an institutional structure—the Multilateral Trade Organization—which will guarantee compliance with the rules agreed upon during the round of

talks, including an effective and binding system for resolving controversies, is a necessary instrument for guaranteeing the equity of the rights and obligations of all the parties, and for forcing countries to abandon unilateral measures, seeking to resolve disputes within a multilateral context.

10. It is essential that the large trading countries within the next few months make the necessary political decisions to conclude the negotiations, with results that fairly meet the diverse interests, promote the liberalization and expansion of international trade, avoid discrimination, and strengthen the multilateral trade system. The Latin American countries will evaluate the overall package of proposals of the round of talks, and will condition their approval to the attainment of these results.

[dated] Montevideo, 17 September 1993.

Letter to the United States

The Foreign Ministers of the Group of Rio who are signing this letter are hereby sending you this declaration, which we signed on 18 September 1993 in the presence of the GATT Director General Peter Sutherland, about the Uruguay round of talks on multilateral trade relations.

In this declaration we express our serious concern over the state of the round of talks, given the positions recently adopted by some countries which attempt to question the results reached in the Final Act. We hereby state that this is a particularly important moment in defining whether we want to make progress toward an international system of cooperation, which implies modest sacrifices to obtain the benefits of an expanding trade that will affect all our countries, or whether we want to return to a totally outmoded system of protectionism, isolation, and economic and political confrontation. We understand that this is a moment when heads of government, and especially those of the countries with the greatest commercial importance, must demonstrate the necessary leadership in adopting the political decisions that imply acceptance of the indicated results, leaving aside the pressures from some sectors which, if buckled under to, will harm not only the entire community but also those countries which promote it.

We greet you sincerely.

Cuba

Havana Blames U.S. for Beijing Defeat in Olympics

FL2609230993 Havana Radio Reloj Network in Spanish 1936 GMT 26 Sep 93

[Excerpt] Beijing was blockaded in its struggle to host the Olympic Games. Despite the fireworks that illuminated Sydney during last Friday's predawn hours, the certainty prevails in world opinion that Beijing lost out as site of the Olympic Games in the year 2,000 for reasons that have nothing to do with sports. The vote of 45 to 43, which gave the Australians the victory at the 101st session of the COI (International Olympic Committee) in Monaco, indicated that China had a chance up to the last minute, despite a campaign against it orchestrated by the U.S. Congress and even by delegations from Sydney and Manchester at the very site of the elections, which detracted from the splendor and elegance of the grand ceremony that was broadcast live to almost the entire planet.

According to press agency dispatches, a feeling of frustration was expressed in the Chinese media after the news was learned. At the same time, however, determination triumphed—to try to have the Olympic Games held in Beijing for the year 2004, the first of the incoming century. [passage omitted]

Castro Presides Over Havana CDR Congress Session

FL2609211893 Havana Radio Reloj Network in Spanish 1930 GMT 26 Sep 93

[Text] The delegates to the final session of the Fourth CDR [Committees for the Defense of the Revolution] Congress, which was presided over by Commander in Chief Fidel Castro in Havana, vigorously condemned the proclamation issued by the bishops, because of its counterrevolutionary and diversionary nature. In the name of all the nation's CDR members, the delegates affirmed their willingness to defend the fatherland, and said they will work toward unity among all Cubans, believers or not, who are devoted to the work of the Revolution.

The main topics of the Fourth CDR Congress's discussions are defense of the Revolution, rejection of all types of antisocial behavior, and the importance of buttressing political-ideological work at the base level. In this connection, it was stressed that the current struggle to preserve our tranquility needs to be a permanent activity in which the masses participate.

Further on Castro Speech

FL2709024893 Havana Radio Reloj Network in Spanish 0200 GMT 27 Sep 93

[Text] At the closing ceremony of the Fourth Congress of the CDR [Committees for the Defense of the Revolution], Commander in Chief Fidel Castro praised the way the congress was held, province by province, which gave 2,600 delegates an opportunity to participate. Speaking at the (?former) (Jesus Lagray) Theater in Guanabacoa Municipality, Havana City Province, Castro said the idea of holding the congress that way had been an original one, and brilliant, and had also allowed us to analyze how deep the problems run in each province.

Fidel added that the CDR congress has been very timely, given the period the country is living through; and he referred to the central topic of the discussions, which was the defense of the Revolution and the struggle against crime and the destructive attitudes associated with the counterrevolution. He stressed that we are living in very difficult times, and for that reason—he said—the CDR's current combativity cannot be compared to that of the sixties, when there was still a socialist bloc, for the problems are today more acute, in a unipolar world.

The commander in chief gave an account of the differences between the first years of the Revolution and the adverse circumstances we are facing today, when it becomes necessary to defend our process with much greater force. In this connection, Castro stressed that greater heroism and intelligence are required today, and a higher morale [moral] than ever in the tenacious struggle to preserve the fatherland and independence.

Fidel added that it is important to act with the required serenity, as the Revolution is doing by adopting the current measures aimed at tackling problems. In this regard, he noted that one must be more intelligent than the enemy, whose principal objective is to divide us. In view of such a situation, it is important to unite and to maintain cohesion in our ranks, said Fidel, who reiterated that we will fight on beyond what anyone can imagine.

The Fourth CDR Congress has been a shot of revolutionary combativity, and without the CDR's, the history of our process could not have been written, affirmed the commander in chief upon closing this congress session in the capital. He added that the CDR is a powerful organization that the enemy has always wanted to destroy, and that even though the CDR's have successfully (?carried out) other activities, their principal task is to defend the Revolution.

Fidel explained that never will problems or negative actions be able to make us lose faith in the masses, because the purity of the Revolution is measured by the strength expressed by the people, and by the population's ability to resist.

Lastly, Fidel stressed that if the CDR's had not emerged in the sixties, they would have had to emerge now, with even greater dignity and fighting spirit.

Castro Closes Congress Session

FL2709014793 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Sep 93

[Text] Commander in Chief Fidel Castro today made the closing speech at the Fourth Congress of the CDR [Committees for the Defense of the Revolution]:

[Begin recording] I have followed the various sessions in the press and over television, what has been published about them. I am not as familiar with things as those comrades who participated in each of these sessions of the Congress. That is why I am not... [rephrases] I was perhaps not the best person to make the closing speech, because I really was not able to attend all the sessions, in all the provinces, given the current circumstances.

However, everyone tells me that holding the congress sessions by province has had magnificent results. I have been told that the discussions were very closely linked with the problems of each region and each province, and that things were discussed in depth; and that over 300 delegates spoke up. I think that is a record figure for a congress because I have never seen any event—not even those on the foreign debt, which used to last many days—in which 300 people have been able to participate in the discussions.

There is another fact: We were calculating that, if a single national congress had been held here in the capital, 800 people would have participated, whereas by doing things this way, some 2,600 delegates have participated. So, never has there been such a great opportunity for expressing opinions; never has there been such great participation; never has there been such linkage with the local problems. [end recording]

During his speech, the commander in chief assessed the role of the CDR's, vis-a-vis criminals, acts of vandalism, and the aggressions encouraged from abroad by the counterrevolution. He also referred to the difficult moments the nation is going through, and said that today more than ever, a tenacious struggle to defend the fatherland, the Revolution, and the achievments of socialism is needed:

[Begin recording] Our enemies will get a good lesson if they underestimate us, kid themselves, because the people of Cuba and the Cuban Revolution are a bone extremely difficult to gnaw on, however incredibly difficult the circumstances may be. And, had the CDR's not sprouted on 28 September 1960, they would have had to sprout today. [applause] [end recording]

We will give you more details of this last day of sessions of the Fourth CDR Congress at the end of this newscast.

The speech made by Commander in Chief Fidel Castro at the closing session of the Fourth CDR Congress will be broadcast tomorrow, Monday, at 2030 hours [0030 GMT, 28 September] over Cuba Vision; Tele Rebelde will rebroadcast it on Tuesday, at the same time [0030 GMT, 29 September]

Further on CDR Congress

FL2709021193 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Sep 93

[Text] At the final session of the Fourth Congress of the Committees for the Defense of the Revolution [CDR], Division General Sixto Batista was reelected national CDR coordinator. The 14 members of the executive secretariat were also announced, as well as the 79 members of the national leadership. The election of the CDR's top leadership, until the next congress is held, is the result of a direct and secret vote by 2,596 delegates from all over Cuba.

Let us recall that the sessions of the congress began on 28 August in the different provinces. Today's session in the capital is the congress's last session. On this last day, the main topic of discussion was "the Revolution does not hand over its weapons without a fight," and permanent vigilance at the block level to confront criminal and counterrevolutionary acts was discussed, as was the need to be implacable toward anyone who may try to sabotage the achievements of the Revolution.

[Begin recording of unidentified Congress participant] To work with the young people who have had certain social problems—who do not study and do not work—has always been one of the work objectives of our CDR;s, and must continue to be one. But I think, and want to say here before this congress, so that everyone will know it, that the fundamental duty toward the young people at the present moment has to be toward the young people who are revolutionaries—who do exist, and are indeed at the vanguard of this Revolution. [applause]

We young people cannot be just another member within the CDR. We need for Cuba's youth to be a main player within the CDR. [end recording]

It was thus that on several occasions the young people showed their support for the CDR oldtimers, to continue alongside them more united than ever to protect today's Cuba.

Pedro Miret Relays Castro Message to al-Qadhdhafi

FL2509003093 Havana Radio Rebelde Network in Spanish 2230 GMT 24 Sep 93

[Text] Colonel Mu'ammar al-Qadhdhafi, leader of the Socialist People's Libyan Arab Jamahiriyah, has met with Pedro Miret Prieto, vice president of the Council of Ministers of Cuba, who relayed a message from Commander in Chief Fidel Castro. During the meeting, which was marked by friendship and mutual understanding, the two discussed the development of bilateral relations, stressed the ties of friendship which have traditionally united both countries, and the will to strengthen the current ties of cooperation between Cuba and Libya.

Cubans Peacefully Vacate Mexican Embassy 24 Sep

PA2409125193 Mexico City NOTIMEX in Spanish 1224 GMT 24 Sep 93

[Text] Santo Domingo, 24 Sep (NOTIMEX)—The Cubans who had been occupying the Mexican Embassy in the Dominican Republic peacefully left the premises at 0755 (local time) this morning.

The Cubans received accommodations in the "Haina" vacation resort, 15 km west of the capital, and identification cards.

The Dominicans' decision was considered a triumph for the Cubans, who broke into the embassy last Thursday to ask the Mexican Government to grant them transit visas to the United States. Mexico, however, maintained its position that it cannot attempt to obtain visas from third countries.

The group of Cubans, which was made up of 24 children and adolescents, 23 women, and 25 men, entered the embassy by sliding underneath the gates of the building's entrance.

A total of 71 Cubans left the embassy because one of the women had agreed on Tuesday to be taken to a central military hospital in Santo Domingo to give birth. Diplomatic authorities promised her she could return to the embassy after having her baby.

Police Prevent Opposition's Support for Pastoral Message

PA2409130793 Mexico City NOTIMEX in Spanish 1912 GMT 23 Sep 93

[Excerpt] Havana, 23 Sep (NOTIMEX)—A vast police operation coordinated by state security today prevented leaders of the opposition Cuban Democratic Socialist Current from signing a document supporting the pastoral message issued by the island's bishops.

Vladimiro Roca, one of the main leaders of the dissident organization's coordinating board, told NOTIMEX that the organization agrees completely with the bishops' message on the island's political, social, and economic situation.

Gladys Rodriguez, spokesperson for the dissident organization, said policemen conducted an extensive operation around her house and nearby streets to prevent the maximum number of leaders of the opposition to Fidel Castro's regime from expressing their total support for the Catholic hierarchy.

Rodriguez said that no one was arrested or harmed, but the main leaders of the Cuban Democratic Socialist Current—Elizardo Sanchez, Vladimiro Roca, Carlos Goicochea, Ren del Pozo, and Manuel David Orrio—were not allowed through.

Vladimiro Roca said the Catholic Church's message: "Love Expects Everything," disclosed last week and delivered to churchgoers on 19 September in Havana churches makes three points that are consistent with the Current's demands: dialogue and reconciliation to avoid violence. [passage omitted]

Cuban-Lao Talks Target Cooperation

FL2409151393 Havana Radio Reloj Network in Spanish 1405 GMT 24 Sep 93

[Text] Lao National Assembly President (Magoou Soumisai) has expressed his satisfaction with the results of the recent visit to Vientiane of a Cuban delegation headed by Ramon Diaz Vallina, vice minister of Public Health and president of the Lao-Cuban friendship association.

(Soumisai) said: We had a fruitful talk with Diaz Vallina, Cuban Ambassador to Laos Ricardo Danza, and other officials with a view to promoting bilateral cooperation in all possible spheres. The Laotian parliamentarian explained that there are prospects for cooperation based on mutual advantage in the spheres of public health, the sugar industry, small hydroelectric plants, and sports.

During its visit to Laos, the Cuban delegation met with high-ranking leaders, among them the deputy prime minister in charge of planning and cooperation, Khamphoui Keoboualapha.

Ministers Assess Priority Tasks in Guantanamo

FL2409183493 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Sep 93

[Text] The heads of four ministries plus the presidents of the Cuban Institute of Radio and Television and the National Institute for Water Resources are presently assessing the progress of priority tasks in Guantanamo. At the same time, they are making timely decisions to ensure that development in Guantanamo Province will not be held back.

According to the assessment by the council of ministers, despite serious resource limitations during this period, the housing program in Guantanamo is being carried out by introducing materials-efficient techniques; plantain cultivation using the microjet irrigation system is going well; and the effort to produce consumer articles in high demand is praiseworthy.

The ministers of Construction, Agriculture, Communications, and Transportation are in Guantanamo.

Roundup of Economic Activity Reported 20 Sep to 23 Sep

FL2409142493

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish between 20 and 23 September.

Radio Reloj at 1949 GMT on 20 September reports that the Cuban fishing fleet vessels Rio Jatibonico and Rio Salado have received the 40th Anniversary of the Moncada banner for their performance in the northwestern Atlantic. In 130 days, the Rio Jatibonico caught and froze 3,132 tons of fish, worth over 7 million pesos, while the Rio Salado collected 3,150 tons in 136 days, also worth over 7 million pesos.

Radio Reloj at 1956 GMT on 20 September reports that the National Institute of Tourism [Intur] made over $20 million on "optionals," when 76 percent of the tourists served by Intur took various types of tours throughout Cuba. Hoping to promote tours, Intur is planning circuits and promoting them at tourist bureaus. In 1991, the percentage of foreign visitors taking such tours was only 65 percent.

Radio Progreso at 1100 GMT on 21 September reports that the Chilean consul general in Havana says Chilean investments in Cuban priority sectors such as tourism and agroindustries are currently at approximately $30 million. Chilean investors are participating in two projects to build hotels: one in Varadero, with Cubanacan; the other in Cienfuegos Province.

Radio Rebelde at 1155 GMT on 22 September reports that Basic Industry Minister Marcos Portal explained the nickel industry's situation and prospects to diplomats touring industry facilities in Holguin with Foreign Minister Roberto Robaina. Portal pointed out that all Cuba's 1993 nickel production is already sold, as is the next few years' production. He said that Cuba is capable of maintaining production for this certain market.

Radio Rebelde at 1700 GMT on 22 September reports that "a majority of the 241 Basic Cooperative Production Units proposed by Minaz [Ministry of the Sugar Industry] in Villa Clara will be formed before the beginning of the next harvest. The Minaz plan calls for creating 46 Basic Cooperative Production Units with under 40 caballerias; 60 units that will have as many as 100 caballerias; and 5 units with over 100 caballerias. The remaining 130 units will have between 40 and 60 caballerias." The Minaz representative in Villa Clara said that uniting the cane share-plots [lotes caneros] will be given priority in making up the new type of units; and he added that assemblies of cane sector workers were held last weekend to inform the workers with regard to "all the different aspects having to do with the advantages of the new structure."

Radio Reloj at 1402 GMT on 23 September reports that a donation of school supplies consisting of over 1,000 notebooks sent by Mexican tour operators has been delivered to the Oscar Ortiz Basic Secondary School in Holguin. Other donations will be forthcoming.

Guidelines for Basic Production Units Noted

FL2509181893 Havana Radio Reloj Network in Spanish 1406 GMT 25 Sep 93

[Text] The Labor Force Directorate of the Ministry of the Sugar Industry has stated that the principle of democratic centralism will govern the Basic Cooperative Production Units. This report [not further identified], based on the regulations for the units, explains that the general assembly shall be the highest management body of the Basic Cooperative Production Units, and that it will be made up of all a given unit's members.

According to Article 18 of the resolution [not further identified], the general assembly of the Basic Cooperative Production Units will have the authority to approve the cane-production plan and the investments to be made.

The assembly will also approve the admission and removal of members; will be in charge of approving the financial balance-sheet; and will elect and reelect [ratificara] or replace the members of its management council.

Sugar Industry, Agriculture Ministers Discuss Production

FL2609210893 Havana Radio Rebelde Network in Spanish 1700 GMT 25 Sep 93

[Text] Sugar Industry Minister Nelson Torres stressed in Bayamo that the nation needs to go on a grand offensive in cane, without requesting more resources, and using the few we have efficiently. Journalist Jorge Luis Batista has more on this matter.

[Batista—live or recorded] During a [word indistinct] meeting on the process of forming and organizing the Basic Cooperative Production Units, Nelson Torres, who is a Politburo member, said Minaz [Ministry of the Sugar Industry] (?is very much aware that it bears great responsibility for confronting) the special period. It is the most powerful of Cuba's industries, and it is up to the sugar industry to preserve the achievements of socialism, through its results.

Also in Bayamo, and in the presence of Agriculture Minister Alfredo Jordan, the formation at forums like this one, of the Basic Cooperative Production Units, was explained.

Jordan, who is a member of the Politburo, said that these units must be based on the experiences of the efficient agricultural-livestock production cooperatives. (?What is essential is to) stimulate greater agricultural-livestock production, and in this task, food self-sufficiency for agricultural workers and their families, the building and maintenance of housing, and [access to] high-demand consumer goods are very important.

[Begin Jordan recording] Those are key things, [words indistinct]. That mobilizes people more than 20, 30, 40, 50, or 100 (?pesos). [Words indistinct] that that is very

clear [word or words indistinct]. (?Today), we need to carefully think out everything we are going to do, and think it out out at the place [word or words indistinct] a meeting [words indistinct]—listen to the comrades, opinions, and so forth. [end recording]

Scientist Arrested Before Meeting With Dissidents, Envoys

PA2409185293 Mexico City NOTIMEX in Spanish 1814 GMT 24 Sep 93

[Text] Havana, 24 Sep (NOTIMEX)—State security agents arrested Cuban scientist Rolando Roque Malherbe hours before a meeting he had organized in his home with European diplomats and leaders of the Cuban opposition was to take place, dissident sources confirmed today.

Roque Malherbe, known for his contribution to the development of the natural zeolite industry on the island, was arrested by state security personnel on the evening of 23 September, sources of the opposition Cuban Democratic Socialist Current [CSC] confirmed.

Vladimiro Roca, chairman of the Coordinating Council of the aforesaid dissident organization, asserted that the Cuban scientist was apprehended one day after he was prohibited from holding meetings in his home with individuals opposed to President Fidel Castro's regime.

The scientist had scheduled a meeting in his home for this Friday with dissidents and the Spanish and Hungarian ambassadors, according to the CSC.

Barbados

Sandiford To Confer With Financial Officials

FL2409180093 Bridgetown CANA in English 1534 GMT 24 Sep 93

[Text] Bridgetown, Barbados, Sept 24, CANA—Prime Minister Erskine Sandiford left Barbados for Washington Friday to attend the annual meetings of the World Bank and the International Monetary Fund.

The prime minister is leading a delegation including Finance Minister David Thompson and governor of the Central Bank, Calvin Springer.

He will hold discussions with officials of the World Bank, the International Monetary Fund, and the Inter-American Development Bank [IADB] on matters relating to Barbados's economic programme, the Barbados Government Information Service reported.

On Monday, the prime minister will give the first address in the World Lecture Series at the University of Maryland. He will speak on "Building Institutions in New Democracies".

"The Strenghtening and Preservation of Democracy" will be the topic Thursday when the prime minister addresses the Organisation of American States' Democratic Forum Series.

Sandiford, expected to be out of Barbados for just over a week, will meet with officials and businessmen in pursuit of Barbados's economic development, the information service said.

Grenada

Brathwaite Wants Debts With Libya, OPEC Rescheduled

FL2509153793 Bridgetown CANA in English 1457 GMT 93

[Text] St. George's, Grenada, Sept 25, CANA—Prime Minister Nicholas Brathwaite heads Grenada's delegation to the forthcoming annual meeting of the Board of Governors of the World Bank/International Monetary Fund in Washington.

The Grenada delegation will include minister in the Ministry of Finance, Michael Andrew, permanent secretary and director general in the Ministry of Finance, Dr. Carl Mitchell, governor of the East Caribbean Central Bank (ECCB), Dwight Venner, and Organisation of Eastern Caribbean States Secretariat official, Dr. Arnold McIntyre.

Brathwaite told CANA Friday that Grenada's Public Sector Investment Programme (PSIP) will be the subject of discussions with donor agencies and some developed countries when the team goes to Washington.

"Much more is achieved in the corridors than at meetings of this kind and we will take the opportunity to meet with various representatives in Washington," he said. The prime minister reported that apart from having bilateral talks with delegations from other countries, his delegation would meet with various divisions of the IMF and the World Bank to update then on the state of the island's economy.

"One of the things we are hoping to achieve at the meeting is setting the groundwork for rescheduling of certain debts we have with a number of countries including Libya, Algeria, and the Organisation of Petroleum Exporting Countries (OPEC)," he said.

Grenada owes Libya 13 million U.S. dollars. He said the government was hoping to "get somebody who is sympathetic" to Grenada's case who will give assistance to developmental projects.

Jamaica

U.S. 'Pressure' Threatens Guyanese Rice Importation

FL2609210193 Bridgetown CANA in English 2037 GMT 25 Sep 93

[Text] Kingston, Jamaica Sept 25, CANA—Apparently bowing to United States pressure, Jamaica has removed a 15-percent tariff on food imported under America's concessionary PL-480 programme.

The move has led to fears that Guyanese rice may become uncompetitive here. But Jamaica's commerce and industry minister, Carlyle Dunkley, says steps are being taken to protect the competitiveness of the Guyanese product. Dunkley told a radio station here Friday that Jamaica had removed the 15-percent tariff after the United States Government "made clear that they were totally opposed to duty being imposed on what was food aid."

He said efforts were being made to "get a mix of products under PL-480 that would allow (Guyanese rice) entry to the Jamaican market... Subject to price and quality."

During his five-day visit here last week, Guyanese president Cheddi Jagan also said that efforts were being made to get the United States Government to substitute its export of rice to Jamaica under PL-480 with other grains such as corn and soya bean. Jagan signed an agreement with Jamaican officials last week requiring its sister Caribbean Community country to import between 30,000 and 40,000 tonnes of Guyanese rice this year.

Guyana, which last year exported 53,000 tonnes of unmilled rice to Jamaica, has pledged to continue buying Jamaican products including cement, building materials, and canned goods.

Explaining the Jamaica government decision to remove the 15- percent tariff, Dunkley said he did not expect "any strain with our Guyanese colleagues" as a result. "I am not saying they are overjoyed but we have had the opportunity of explaining to them very frankly and fully the various considerations...," said Dunkley. The "various considerations" include the increasing trend towards the removal of special protection and barriers in Jamaica's liberalised economic environment.

Jagan said last week that the prospects were good for an amicable agreement with the Americans for the substituting of rice with other grains in PL-480 exports to Jamaica. Analysts here point out that if the initiative fails, Guyanese rice could be driven out of the Jamaican market by a cheaper and higher quality American product. Jagan made the point here that United States rice farmers were heavily subsidised, even while the Americans were pressuring other countries to eliminate subsidies.

Guyana had produced 130,000 tonnes of rice at the halfway mark this year, a 23 percent increase over last year. It has been trying to have Caricom establish an arrangement under which imports from extraregional sources are allowed into the community only when regional sources are unable to meet demand. It has consistently opposed Jamaica's importation of PL-480 rice at low tariff rates. The Jamaica Government uses the profit from the sale of PL-480 goods to beef up counterpart funds for projects agreed on with the united states.

Jamaica is heavily dependent on rice imports, bringing in 75,000 tonnes annually. The island's rice farmers produce about 500 tonnes annually.

Haiti

Mayor Paul Asks Police Chief for Security Detachment

FL2409165893 Port-au-Prince Signal FM Radio in French 1030 GMT 24 Sep 93

[Text] Port-au-Prince Mayor Evans Paul [also known as K-Plim] is demanding safety for his employees at the Port-au-Prince City Hall. Paul has asked the chief of police in Port-au-Prince, Lieutenant Colonel Joseph Michel Francois, who is also commander of the [Port-au-Prince] metropolitan area, to put at his disposal a detachment of policemen to help him restore order and to guarantee his safety and that of all employees of the Port-au-Prince City Hall. Evans Paul says he has taken advantage of the opportunity provided by the latest press release published by the Military Department of the Metropolitan Area concerning workplace protection in public administration offices. On that score, Paul demands that the group of violent individuals, who have been occupying the Port-au-Prince City Hall since 2 September, be evicted as soon as possible. Paul accuses his colleague Joseph Gerald Salomon, who is [also] a member of the [Port-au-Prince] Communal Council, of making death threats against him and Prime Minister Robert Malval and members of his government. Paul refers to a statement made on a capital radio station.

Newspaper Interviews Francois

FL2409212593 Port-au-Prince Radio Metropole in French 1600 GMT 24 Sep 93

[Text] The Port-au-Prince police chief, Lieutenant Colonel Joseph Michel Francois, indicated that he refused on 14 September to receive Dante Caputo until Caputo makes a public apology to him. Caputo had questioned the military official in the murder of Antoine Izmery on 11 September near the Sacre-Coeur Church. In an interview published today in LE NOUVELLISTE, Lt. Col. Francois strongly protests the accusations. He dares to accuse me without evidence, asserts the officer, opining that Caputo behaved poorly as a mediator and that a diplomat should weigh his words. The head of the Port-au-Prince police says that on 21 September he met with Lawrence Pezzullo, the American special adviser

for Haiti, but he refused to receive Caputo unless he makes a public apology. We are not yet an occupied territory, he added.

Answering a newsman's question about the inability of the forces of order to arrest the persons guilty of acts of violence in Port-au-Prince, the officer attributed the ineffectiveness to the irresponsibility of the witnesses and to the paucity of means available to the police.

Questioned on the Governors Island accord signed on 3 July, the chief of police refused to express an opinion, retreating behind military discipline. On Father Aristide's return to Port-au-Prince, he pointed out: The problems will not come from Michel Francois. He also specified that he was not alone and that many people identify with Michel Francois.

The head of the capital police denied the rumors alleging his acceptance of the post of military attache to Chile or the Dominican Republic, emphasizing that he had no intention of resigning: I will die here; I am Haitian. However, he said that he was ready to obey transfer orders from Commander in Chief General Cedras as long as that decision is made without external influence. As to whether his men will let him go, the officer answered in English: That is the question. He rejected the image of thorny and conflicting relations with Gen. Cedras, his instructor at the Military Academy, saying that was propaganda and that his relations with the Army head were sincere and frank. This propaganda, he added, is aimed at breaking the cohesion of the military institution. If the Army blows up, the country blows up. That is what we have left, he pointed out.

As for his participation in the military coup d'etat that overthrew President Aristide on 30 September 1991 and in which a key role is attributed to him, the officer was sparing of precision. He said to LE NOUVELLISTE, quote: When my life is in danger, I can do anything, unquote. He specified that President Aristide has wanted his head ever since 13 August 1991 when, as commander of a police company, he prevented the crowd of supporters of the priest-president from occupying the parliament and from attacking legislators. Father Aristide then asked Gen. Cedras in vain for his transfer, and later, for his dismissal, specified the officer.

Questioned on his direct participation in the coup d'etat, he in turn questioned the lack of responsibility of the then chief of police, Col. Pierre Cherubin, who, aware of the problems, visibly withdrew, bowing to the power of the crowd. Then I took effective command of the situation, concluded Lt. Col. Michel Francois, in this interview with LE NOUVELLISTE.

UN Security Council Approves 1,300-Man Deployment

FL2409175993 Port-au-Prince Radio Metropole in French 1045 GMT 24 Sep 93

[Text] On 23 September, the UN Security Council approved the immediate deployment of a UN mission in Haiti, MINUHA, consisting of 1,300 men who will participate in the creation of a new police corps and will contribute to the modernization of the Armed Forces. In Resolution 867, adopted unanimously, the 15 members of the Council gave the green light to setting up this mission for a period of six months. The mission will include some 560 police observers and a military component of about 700 men provided primarily by the United States.

MINUHA will be headed by Butrus Butrus-Ghali's special representative, Argentinian Dante Caputo, who supervises the activities of the international civilian mission jointly deployed in Haiti by the United Nations and the OAS in order to supervise the respect of human rights in the country. MINUHA police observers will be in charge of helping in the creation and organization of a national police force, distinct from the Army. France and Canada should each provide about 100 observers; the United Nations is pursuing contacts with some 40 countries regarding their possible participation, according to a UN official.

In the initial phase of the mission, observers will monitor the activities of the existing security forces to verify their respect of human rights. Later, the observers should dedicate themselves to the formation of the police staff. The police assistance operation will involve transferring the Army units to a base camp to form the military staff and begin construction and aid projects. The United States should provide between 500 and 700 men for this part of the operation, which will include a construction engineering unit, and 60 military instructors who will give training in operations not based on the use of force, as is specified in the UN Security Council resolution.

Aristide Partisans Report Persecution

FL2409170693 Port-au-Prince Signal FM Radio in French 1030 GMT 24 Sep 93

[Report by Saint-Marc correspondent Nazaire Dupiton]

[Excerpt] President Jean-Bertrand Aristide's partisans in Saint-Marc are being persecuted, according to our correspondent, and Lower Artibonite inhabitants are having difficulty making phone calls. Nazaire Dupiton reports:

[Begin recording] Although the international community is insisting that Aristide return to Haiti on 30 October, in seems contradictory because many people labeled Lavalas partisans are being persecuted in Pont-Sonde and Petite- Riviere de l'Artibonite. The young man, whom we met and who did not want to talk in front of our microphone, asks Prime Minister Robert Malval to do something so that security can be properly restored throughout the Lower Artibonite. [passage omitted] [end recording]

Salinas on NAFTA, Relations With Europe

BR2409132993 Brussels LE SOIR in French 24 Sep 93 p 2

[Interview with Mexican President Carlos Salinas de Gortari, by Veronique Kiesel, in Brussels; date not given: "On Mexico, NAFTA, and Europe]

[Text] [Kiesel] Mr. President, you are in Belgium to attend the opening of Europalia [annual cultural festival, this year focusing on Mexico]. What does this cultural event mean to you?

[Salinas] It offers Mexico a very clear opportunity to express its desire to enjoy full, harmonious relations with Europe. We are a North American nation that is on the verge of having extremely intensive economic, financial, and trade relations with the United States and Canada. However, under these circumstances, it is essential that Mexico diversify its economic relations. To do this, one of our priorities is to tighten up her links with Europe, and we are very proud of the extraordinary occasion that is Europalia.

[Kiesel] Since 1988, you have been working to modernize your country. What does NAFTA, the North American Free Trade Agreement, mean to you?

[Salinas] NAFTA will be an instrument that will enable us to consolidate our process of economic, social, and internal political reforms. We have succeeded in reducing our annual inflation rate to less than 10 percent, and in eliminating our budget deficit. Indeed, our budget even boasts a surplus, and we have considerably reduced our national debt—which now represents just 10 percent of the gross national product. So, our country is in the middle of an economic restructuring process. NAFTA is part of this transformation. It will provide an opportunity for selling more Mexican products in what will be the largest free trade market in the world. We already enjoy extremely intensive trade relations with the United States, and NAFTA will establish more order and provide greater security in this context.

[Kiesel] Are you optimistic with regard to the ratification of the treaty by Congress in Washington, when it is clearly a source of lively debate among U.S. politicians?

[Salinas] Canada has already ratified the agreement, and in the United States there are congressmen who are in favor of it and others who are against it. What is interesting is that President Clinton is bringing all his political weight to bear on the issue, and has decided that the treaty will be ratified in time to enter into force by early 1994.

Golden Opportunity To Invest in Mexico

[Kiesel] European companies, especially Belgian ones, fear that their exports to Mexico will drop once NAFTA is agreed.

[Salinas] Actually, it is my belief that they will be given the opportunity to enter into an open market where it is competitiveness that counts. Moreover, if Belgian companies invest in Mexico, they will have a chance to participate directly in this vast market. So it is an encouragement to invest in our country.

[Kiesel] But for their imports they will be penalized by paying customs duties that North American products will no longer have to pay.

[Salinas] The drop in customs duties in the region will take place over several years. During this period, we will be able to look for mechanisms for making European exports competitive in Mexico. If we are given an opening on the European market, we will be happy to act reciprocally.

[Kiesel] What consequences will NAFTA have for the other Latin American countries?

[Salinas] Latin American countries have a great interest in the ratification of the agreement. They know that it constitutes an opportunity for the entire region, for there is an access clause which enables other countries to join this single market area. Chile has already indicated an interest in being the next country to be included in the agreement. In this way, relations between the United States and Latin America will finally pass from theory to practice, with everybody benefiting as a result.

[Kiesel] Is Mexico not going to focus increasingly on North America?

[Salinas] No, because the agreement will enable Latin America to apply its desire for integration in practice. We have been talking about it for years, but virtually nothing has actually been done. Mexico and Chile concluded the first free trade agreement in the region. Now we are going to conclude another with Colombia and Venezuela, then with Central America. Bolivia and Ecuador have expressed an interest. So we are involved in a movement toward free trade throughout the entire subcontinent.

Providing Cheap Credit and Assistance to Small Enterprises [subhead]

[Kiesel] Small Mexican companies have already suffered greatly from the opening of borders, and they risk facing even greater hardship after the ratification of NAFTA. What will the government do to help them?

[Salinas] We have strengthened our National Development Bank which is to aid small and medium-sized enterprises. When I joined the government, the bank was helping only four companies. Today, it is supporting 15,000, and next year the number should reach 500,000, all via a program called "impetus," which combines cheap credit, financial assets, and advice on organization, technology, and marketing.

[Kiesel] Many foreign businessmen are complaining about the lack of qualified manpower.

[Salinas] We have a special program involving the participation of the Ministry of Labor and the Ministry of Education. The program covers training and retraining, and will affect one million workers this year. In addition, we are also seeking to link our secondary and higher education systems with our productive capacity. We are also increasing the number of technical colleges from 40 to 250. What is more, we are implementing a major educational reform, which will result in a spectacular rise in the quality level of basic education. In this way, we hope to bring about a clear improvement in the training of our workers and future workers.

[Kiesel] You have stated on several occasions that you wanted to promote equality and a good standard of living for everyone. However, in 1993, there are more superrich people and extremely poor people than there were in 1988, and the standard of living is equivalent to that in 1980. How do you plan to solve this problem?

[Salinas] We must distinguish between two things: During the 1980's we experienced an economic crisis due to an excessive foreign debt. We have now put our public finances back in order, reduced that debt, and privatized some companies. During my administration, we have returned to a positive rate of growth, created jobs, and raised salaries. Admittedly, we have some major industrial groups which, since our borders opened, have had to lay off workers to make themselves competitive in the face of foreign products. However, since we launched social reforms at the same time—especially in the sectors of education, health, and housing, e.g., via the Solidarity program—we finally managed to reduce the actual number of poor people in Mexico between 1988 and 1992.

Avoiding Populism and Paternalism

[Kiesel] What is the philosophy behind the Solidarity program?

[Salinas] Above all, to avoid populism. We do not want to print money to finance our programs. We prefer to use savings and healthy public finances. Today, more than half the state budget is reserved for social expenditure. Nor do we want to see paternalism: It is not for a bureaucracy to tell people what to do. The Solidarity program comprises bottom-up projects, which respect the dignity of people and need their participation. It is a system that works well.

[Kiesel] It was you who created the program. Do you think that it will be continued by your successor?

[Salinas] Perhaps the name will be changed. What counts is how it works, and since it is working well at the moment, it will be hard to change it.

Limiting Electoral Expenditure

[Kiesel] You are undertaking a vast political and electoral reform which was adopted by Congress last week. However, the main opposition party, the PRD [Democratic Revolution Party], is not involved in it, for it believes that this reform is not going far enough.

[Salinas] This electoral reform has been approved by four out of six political parties. These four parties represent 90 percent of the seats in the Chamber. So there has been a crushing majority in favor of this reform, which means new rules governing the composition of the Senate and the Chamber to ensure greater plurality, an independent electoral court, the imposition of a ceiling on expenditure for electoral campaigns and financial contributions to parties, and fairer access to means of communication. It is an important electoral reform that represents an essential step in the process of democratization in Mexico. In one year's time we will hold elections, and we needed clear rules to govern it.

Salinas Says Sweden Can Benefit From NAFTA

PA2509044193 Mexico City XEQ Canal 9 Television Network in Spanish 0201 GMT 25 Sep 93

[From the "Plenty of News" newscast; live relay by Mexico City XHTV Television Network]

[Text] The North American Free Trade Agreement [NAFTA] was a the main topic discussed on Friday [24 September] by Mexican President Carlos Salinas de Gortari and his host, Swedish Prime Minister Carl Bildt, during a joint news conference in Stockholm.

If NAFTA is established in Mexico, Sweden could benefit from being represented in a market of over 360 million people, President Salinas said.

Prime Minister Bildt opened the conference. He told the reporters that Mexican President Salinas de Gortari's visit is very important and that it symbolizes the good relations that have existed between Sweden and Mexico for a number of years.

[Begin Salinas recording] First of all I wish to thank the prime minister for the cordial and generous hospitality he has extended to us. Relations between Mexico and Sweden do, in fact, go a long way back and although this is not reflected in terms of volume, the quality of our relationship is unquestionable.

[Unidentified reporter] How will Sweden benefit from NAFTA? Will it obtain benefits?

[Salinas] I have explained that NAFTA implies the creation of a region open to trade, not a closed regional fortress. This means that investors who decide to participate in the creation of jobs and opportunities in our country will also benefit from this new market of over 360 million people and approximately $7 trillion in production value. Therefore, there will be opportunities for Sweden to participate in NAFTA, not using Mexico as a trampoline to the rest of the market but by participating in the market primarily through investors.

[Reporter] Thank you very much, Mr. President. [end recording]

Prime Minister Bildt said the trilateral free trade treaty is very, very important for Sweden, which will now have many more opportunities in Mexico.

Eight Cubans Dock in Quintana Roo

PA2609195893 Madrid EFE in Spanish 1728 GMT 26 Sep 93

[Text] Chetumal (Mexico), 26 Sep (EFE)—A group of eight Cubans in a boat arrived at Isla Mujeres, Quintana Roo, in eastern Mexico. So far the authorities have not released any details on the incident.

According to Mexican Navy sources, the boat was allowed to anchor at the dock because one of the Cuban citizens had an eye injury that required medical attention.

The injured man was treated at local Red Cross facilities and then transferred to Cancun. Meanwhile, immigration officials and Navy personnel maintained strict surveillance over the dock.

Authorities have not yet said how long the Cubans will remain in Mexican territory or if they will be repatriated to Cuba or given visas to stay in the country.

This is the third time a group of Cubans has arrived in Mexico in less than two months.

The Mexican Navy on 17 August rescued eight Cubans off the Caribbean coast. In response to protests by Cuban exile groups opposed to Castro, the eight were repatriated and later granted tourist visas to return to the country and then travel to the United States.

The Mexican Government on 11 September allowed 11 Cubans who had occupied the Mexican Embassy in Havana for two days to travel to Mexico to obtain U.S. visas. That group is still in Mexico as the U.S. Embassy there has not granted them the humanitarian visas they have requested.

PRC Chemical Industry Minister Arrives for Visit

PA2609200993 Mexico City NOTIMEX in Spanish 1542 GMT 25 Sep 93

[Text] Mexico City, 25 Sep (NOTIMEX)—PRC Chemical Industry Minister Gu Xiulian has arrived in Mexico City with officials and businessmen to meet with their Mexican counterparts.

The Mexican Foreign Secretariat said that during the six-day visit, the Chinese minister will meet with officials of the Mexican Petroleum Institute and the Commerce and Finance Secretariats. She will also meet with members of the Mexican Investment Council and directors of several Mexican petrochemical enterprises and will visit the Cangrejera petrochemical complex in Coatzacoalcos, Veracruz State.

The Foreign Secretariat stated that Gu Xiulian's visit will promote government and business cooperation in the two country's petrochemical sector. It added that the visit will also enable the two countries to identify and promote cooperation and investment projects prior to President Carlos Salinas de Gortari's scheduled visit to China.

It indicated that in recent years, China's petrochemical industry has developed significantly and is considered one of the four industrial pillars of its economy with a 9- to 10-percent growth rate.

The Foreign Secretariat said that the Chinese enterprises have shown interest in intensifying technological exchange with foreign companies through joint investments and in carrying out projects with developing countries.

El Salvador

Poll Places Opposition Parties Ahead of ARENA

PA2709042193 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 24 Sep 93

[From the "Facing the Moment" newscast]

[Text] The Farabundo Marti National Liberation Front, FMLN, through its general coordinator Jorge Shafik Handal, expressed satisfaction on the poll results conducted by the technological university, which places opposition parties ahead of the Nationalist Republican Alliance, Arena, party.

According to the poll, Democratic Convergence [CD]-FMLN party candidate Ruben Zamora is in second place after the ruling Arena party. Preference for opposition parties among those polled add up to 43 percent, while 34 percent favor Arena.

Poll results, which were released yesterday, place CD-FMLN presidential candidate Ruben Zamora in second place following the official party's candidate Armando Calderon Sol. Over a fourth of those interviewed, however, have said they have no preference for any of the current presidential candidates.

Guatemala

Quezada Presents Plan To Resume Peace Talks

PA2609221993 Guatemala City PRENSA LIBRE in Spanish 21 Sep 93 p 59

["Text" of "Preliminary Plan to Resume Peace Talks" signed by Conciliator Monsignor Rodolfo Quezada Toruno on 21 September in Guatemala City; all quotation marks and parentheses as published]

[Text] "1. Accompanied by the Observer, the Conciliator would hold a very discreet exploratory meeting to agree on the agenda for a preliminary meeting between the government and the Guatemalan National Revolutionary Unity, URNG.

2. At that meeting, the parties would:

2.1 Ratify the Mexico City and Queretaro Agreements and decide by mutual agreement on what changes will be made to the Oslo format in terms of: a) secrecy b) participation of all sectors of Guatemalan society, and c) possible UN mediation on operational-military matters.

2.2 Establish the basis to conclude the agreement on human rights (Commission on the Past or Truth Commission) and for its international verification. This could be accomplished during the preliminary meeting or during the next round of talks.

2.3 Establish by mutual agreement the mechanisms for a permanent forum for peace."

(This meeting is necessary for various reasons: a) because the format agreed upon in Oslo will remain current unless it is modified by mutual agreement; b) because the Oslo Agreements must be modified to lift the secrecy condition in the negotiations; c) because it will be necessary to determine the extent of greater participation of sectors of Guatemalan society in the future process; and d) because only by mutual agreement among the parties involved will it be possible to permit UN mediation in operational-military matters, as unilaterally proposed by the government in its preliminary peace proposal.

The process would lose its most fundamental logic without an agreement on human rights and its immediate international verification)

"3. The Permanent Forum for Peace or 'To Build Peace'

3.1 The forum would be called by the Conciliator.

3.2 It would be coordinated by the Conciliator with the assistance of five advisers.

3.3 All sectors of Guatemalan society would participate as long as they can prove their legitimacy, legality, and that they are truly a representative group.

3.4 It would be divided into five tables to discuss fundamental topics. It will not discuss circumstantial subjects. The members of the five tables will work for three weeks under the coordination of the five advisers and the Conciliator. During the last week, the five tables would hold a plenary meeting to analyze their conclusions. There will be a new three-week study to continue reviewing the topics and another plenary meeting.

3.5 Possible agreements will be reached by consensus or absolute majority (two thirds plus one).

3.6 The URNG would be represented at the five tables. The government will establish, by mutual agreement with the URNG, the legal mechanism for the URNG's presence in the country.

3.7 The government and the URNG will commit themselves to guaranteeing the security and freedom of the participants in the forum.

3.8 The UN Observer and the Group of Friends will be allowed to attend the meetings of the five discussion tables.

3.9 The national and international media will have access to the plenary meetings and should be informed of the progress made by the five discussion tables.

3.10 The Office of the Conciliator will provide logistical support for meeting participants. THIS FORUM WILL TAKE PLACE BEFORE DIRECT TALKS BETWEEN THE GOVERNMENT AND THE URNG COMMAND."

(This proposal reflects the attitudes of the government, URNG, and civilian society. It also settles a problem carried over from the previous phase.

The government would have to admit that the "axes" cannot be treated separately, which would happen if they had a parallel or simultaneous operation. The cease-fire, the bases for the URNG incorporation into the country's political life, and URNG demobilization must be the result of agreements reached at the permanent forum. Experience shows that it is not viable to handle important issues simultaneously.

The URNG would have to accept the "axes" proposed by the government. To avoid increasing the number of dead, maimed, and injured, and to spare civilians from suffering, it would have, in one way or another, to commit itself to not carrying out offensive military operations during the negotiation. The government would also abstain from carrying out counterinsurgency offensives).

4. Direct negotiation between the government and the URNG Command will take place in Mexico or in any other country agreed by the parties. 4.1 The conciliator and the five coordinators of the five discussion tables will participate in the negotiation as representatives of Guatemalan society. 4.2 The government and the URNG will ratify political agreements on important issues approved at the permanent forum. 4.3 The United Nations, through a mediator, will promote negotiations on operational-military issues. 4.4 The Group of Friends will assist the UN mediator. 4.5 The national and international public must be duly informed of the progress of the negotiations.

The government maintains the need for UN participation at the tables through a mediator, and the URNG and various sectors (Social Multisector Group, Cocipaz [expansion unknown], and Coordinating Board of Civilian Groups, among others) maintain that the conciliator must continue to serve as overall mediator of the process. This overcomes one of the major difficulties of the next phase.

I have reaffirmed my personal opinion to the government and URNG that I do not wish to stand as an obstacle to the resumption of talks, and the parties are entitled to do so if they wish the United Nations to serve as mediator. It is not unacceptable for one of the parties to unilaterally decide to modify the format of the negotiations agreed between the legitimate government and the insurgency. I think that I should not stand as an obstacle for the resumption of talks for the simple fact that I am personally suggesting international mediation.

5. I participated in the peace process as conciliator until 25 May in keeping with duties assigned to me by the Oslo and Mexico agreements. I hereby voice my willingness to continue helping in the future within the framework established by the government and URNG. It is evident that I cannot accept a role in the process offered by only one of the parties.

6. I trust in God and in the goodwill of the parties that they will, by common agreement, take a viable and impartial path to finding a political solution to the domestic armed confrontation. My possible future duties reflect the unanimous opinion of the Episcopal Conference, of which I am a member as bishop of Zacapa and prelate of Esquipulas, that confrontation and the reasons that originated it should be settled through dialogue. Our sole objective is true peace, which is a blessing of God and a permanent goal of man.

[Issued] Guatemala de la Asuncion, 21 September 1993.

[Signed] Rodolfo Quezada Toruno.

Honduras

Two Cuban Sailors Request Political Asylum

PA2409224993 Mexico City NOTIMEX in Spanish 1643 GMT 24 Sep 93

[Text] Tegucigalpa, 24 Sep (Notimex)—Two Cubans who arrived at Puerto Cortes aboard a ship on 20 September have requested political asylum.

Mario Boquin, director of the Population and Immigration Policy Department, has identified the Cubans as Erick Ordas Corbo and Rafael Avila.

The Cubans had been sailors aboard the Cuban flagship Baracoa, which docked at Puerto Cortes to take in a load of iron, in short supply in Cuba, it was reported.

Boquin said the two Cubans' request for asylum will be studied by the Honduran Government in a few days.

Six members of the Cuban delegation that participated in the 7th Central American and Caribbean University Games, held in Tegucigalpa, requested asylum last week.

Three of the young Cubans who stayed in Honduras were members of the musical group Murralla, which accompanied the Cuban University delegation.

Elections Official Rejects Possible U.S. AID Pressure

PA2409174793 San Pedro Sula TIEMPO in Spanish 21 Sep 93 p 6

[Article by Francisco Rodriguez]

[Text] Tegucigalpa—Juan Ramon Martinez, president of the National Electoral Tribunal, has said that his organization is open to suggestions from Agency for International Development (AID) officials but is closed to pressure of any kind, as that would diminish the electoral organization.

It was learned yesterday that AID official Emily Leonard had linked aid to electoral organizations to a true purge of the National Electoral Census. "We do not accept this type of thing; it would mean that we do not truly value

the Tribunal or the nation's dignity," Martinez reacted. He said that he had no official notification of the reported demands by the U.S. official.

He noted that Tribunal officials are always willing to listen to suggestions and recommendations from all Hondurans because they know they do not have the capacity to solve all electoral problems. "I have not been saying that we do not accept suggestions; what we do not accept is pressure and disrespectful demands. Just like every other Honduran, we are willing to embrace cooperation, regardless of its origin," he maintained.

With regard to the reaction by National Party representative Octavio Sanchez Midence, Martinez said that Mrs. Leonard's charges are her own problem. "It is her own problem. The reaction by Sanchez Midence was prompted by this lady's behavior, which is in no way the usual behavior of AID or the U.S. Embassy," he insisted.

He explained that this is why he will not accept "that AID call the shots; at least, that's not what is happening in this case. In addition, AID is not the one calling the shots; it is the Honduran people who do so."

Nicaragua

U.S. Speedboat Reportedly Intercepts Fishing Boat

PA2609170693 Panama City ACAN in Spanish 1531 GMT 26 Sep 93

[Text] Managua, 26 Sep (ACAN-EFE)—A U.S. speedboat intercepted and searched the Nicaraguan fishing boat Neptuno while it was navigating in Nicaraguan continental shelf waters, the local press reported on 26 September citing military sources.

According to reports, the search took place on 22 September, when the Neptuno was navigating 102 miles southwest of Corinto in Pacific waters of the Nicaraguan continental shelf.

The Managua daily BARRICADA reported that the speedboat that intercepted the Nicaraguan vessel belongs to a U.S. Navy ship conducting drug operations in the region.

This is the third such incident reported in the past two months on both the Atlantic and Pacific coasts.

The most recent incident was on 18 and 19 August, when the British frigate Cumberland intercepted the Nicaraguan fishing boat Corsario in the Miskito Cays in Nicargaua's Northern Atlantic Region.

President Chamorro Addresses Nation

PA2509032993 Managua Radio Nicaragua Network in Spanish 0100 GMT 25 Sep 93

[Address to the nation by President Violeta Barrios de Chamorro on 24 September; place not given—recorded]

[Text] Brother Nicaraguans:

Over the last few days, a peaceful protest by transporters turned, due to irresponsibility and political opportunism, into an overreacted and violent expression that led to a serious violation of the political order and the destruction of streets and vehicles, as well as the deaths of a humble woman visiting from the Atlantic coast and of National Police Commander Saul Alvarez. While fulfilling his duty, Alvarez was shot in a cowardly manner by persons outside the original spirit of the strike.

These are criminal actions committed by persons who have received bad advice and who, with their calls to violence, confirm that they care very little about the people's welfare and the nation's economic and social progress. These are persons who have even jeopardized national security by paralyzing the country's national life by violating many persons' rights to free transit, work, and purchase of food.

In spite of these obstacles, however, many Nicaraguans showed responsibility and dedication to their work and resisted being deprived of their right to work and, with great sacrifices, made efforts to fulfill their duties, thus, going to their workplaces. My sincere recognition to them all.

I also give recognition to the police as they risked their lives to restore the established order. I ask God to grant this security corps strength and wisdom for the good of all Nicaraguans. I again express my solidarity with them for the pain brought on by the loss of a great policeman, Commander Alvarez.

In light of the protests of the transporters, my government opted for the dialogue. On 15 September, we invited Fetracolnic [Nicaraguan Mass Transit Drivers Federation], Fetracanic [Nicaraguan Truck Drivers Federation], the National Transport Chamber, and the National Transport Commission to a meeting with a government delegation made up of members of my cabinet.

However, this meeting was only attended by part of those invited. At the meeting, all their concerns were heard and there was a proposition for reaching agreements. They said they could not sign anything and that they had to consult their rank and file. Later, during the meeting held on Monday, 20 September, the government commission reached agreements with the representatives of the transportation sector who came to the meeting; and today, 24 September, the same government commission, supported by the National Assembly, reached agreements with the other representatives who had not attended the previous meetings.

As a result of the negotiations held over the last 10 days, we have agreed on a number of measures that doubtlessly will ease the development of transportation in the country for the benefit of the national economy. These measures will ease the economic organization and the

legal and institutional framework for each and every one of the participants of this sector. These measures will promote clarity in transportation licenses, maintain production costs, and, very specially, improve international competitiveness by eliminating the charges for exit visas for national transporters for their trips abroad.

These are measure that, by reducing the existing taxes and balancing the municipal taxes, will ensure the promotion and growth of Nicaraguan transportation, as well as the promulgation of a single tax plan [plan unico de arbitrio] on a nationwide scale to establish a sole tariff for the circulation tax nationwide.

These are measures that allow us to use the legal and institutional mechanisms that will insure the real participation of the cooperative and private sectors, thus allowing all Nicaraguans to receive an adequate and fair national transportation service.

We agreed on a gasoline bonus for taxis and pick-ups for passengers and commercial cargo that belong to cooperatives. The buses organized in cooperatives will also receive their bonus.

However, the elimination of the tax on vehicle ownership, as well as the freeze on gasoline prices for the next three months and the bonuses we have agreed on, will have negative consequences on the government's fiscal deficit. This will mean additional difficulties for our impoverished country's fragile economy which has been fighting decisively to consolidate the progress of our fatherland.

We all know that when I took office in April of 1990, I found Nicaragua in total economic bankruptcy, with a destroyed and abandoned infrastructure, obsolete factories, an unpayable foreign debt, and soaring hyperinflation. Passing from a totalitarian regime to full democracy and from a destroyed economy to a vigorous economy is a difficult challenge, particularly when the international prices for our export products are low and the winters are too dry or too wet.

We are halfway through the [presidential] period, the path that remains to be traversed presents some obstacles. We know that the results of the economic measures do not satisfy the expectations of broad sectors of our people. Irresponsible populists take advantage and exploit these facts to sell magical and unreal solutions that threaten our democratic system and delay the economic development without caring for the consequences.

It is no secret that the economic situation we currently suffer was inherited from former President Daniel Ortega who was responsible for leading the country down the path of economic destruction. My government found, in 1990, the most destroyed economy of the entire American continent, and possibly of the entire world.

I always knew my task would be enormous. I knew it would not be easy, but I never imagined that from the beginning of my mandate, Daniel Ortega, the same person responsible for the past economic crisis, would try to boycott my sincere intentions and considered actions favoring democracy and progress, entrusted to me by the majority of the Nicaraguan people on 25 February 1990.

Under no pretext or circumstance can or should any Nicaraguan, and much less a leader of an important political party, call for a rebellion against a legitimate and democratic government or incite violence or chaos.

Political leadership in a society such as ours, which seeks to consolidate democracy, must display moderation, responsibility, a great spirit for reaching concerted agreements [concertacion], and devotion to the cause of real peace.

Nicaragua is demanding our sincerity; that we cast aside political opportunism. This is no time to raise physical or mental barricades. Thus, as president of Nicaragua, as a responsible leader, and for the sake of preserving and maintaining national security, today I signed the abolishment of Decree 6-93 and have guaranteed all the agreements my government reached with the transportation sector representatives.

I must acknowledge the role played by the National Assembly. I am grateful to Assembly President Dr. Gustavo Tablada, his board of directors, the Transportation Commission, the Center Bloc and Sandinist faction, for their valuable support for the dialogue.

We must restore normalcy to our country at once. We cannot continue to encourage shortages of basic products and disrupt commercial and industrial activities. We must ensure the proper functioning of elementary and high schools so that girls, boys, and youths [as heard] can return to their classrooms. We must not continue to promote situations that will have serious consequences for the Nicaraguan people. We must understand that against the irresponsible, the destructive, and the populists are the true lovers of democracy who have the support and solidarity of many nations that want to help us. I will turn to them tomorrow when I travel to the United Nations, not only to ensure that aid will continue to come to our country but for them to grant us more flexible conditions.

I am sure that we will always have the international community's support because Nicaragua is an example of how it is possible to go from a totalitarian regime to a democracy; from confrontation to harmony; and from war to coexistence and joint effort. During this government, Nicaragua will prove to its neighboring countries how the state and people, with the international community's support, can join efforts to build a new model of nation based on work, faith in themselves, freedom, equality, and justice.

As president of all Nicaraguans, I will continue to work to guarantee production. I will continue to make all the necessary efforts with the international community to obtain resources while we Nicaraguans make an effort to restore our economy. Even with its difficulties, the path we have chosen to restore our economy is the correct one. We know, nevertheless, what the Spanish poet said: Traveler, there is no path; you will create a path as you go.

We are thus forced to constantly adjust our economic policy to make it increasingly effective and to achieve the jointly responsible reactivation I announced in January. However, the reconstruction of the fatherland will never be an easy task. As we undertake this effort, let us turn a deaf ear to the communists and listen to the voice of God and the voice of our conscience, which always invites us to give the best of ourselves for the fatherland where we were born. Thanks to all of you, my dear friends.

Chamorro To Seek Continued Aid at UN General Assembly

PA2509223493 Managua Radio Nicaragua Network in Spanish 1836 GMT 25 Sep 93

[Report by Maria Alejandra Osorio on interview with President Violeta Barrios de Chamorro by unidentified reporters at Managua International Airport—live]

[Text] [Osorio] Good afternoon, radio listeners. Just as we have been announcing, Her Excellency President Chamorro will be departing briefly for New York to participate in the UN General Assembly; specifically the 48th assembly session. This important meeting includes many countries.

President Chamorro will specifically request from the international community continued aid for Nicaragua. She will also meet with U.S. President Bill Clinton. We can now see President Chamorro and you will hear her statements.

[Chamorro, in progress] ...as I said yesterday, I am headed to the United Nations to meet with many friends and work for my fatherland. [sentence indistinct]

[Larios] Dona Violeta, I am Roberto Larios of BARRICADA. There have been rumors these last few days that you are fed up with everything that has been going on and that you are thinking of resigning. Is this true or not?

[Chamorro] No way, I am in good spirits, I am alright, I am very strong, [words indistinct].

[Reporter] Does your agenda include meeting with President Bill Clinton?

[Chamorro] Probably yes; I have an appointment to meet him; probably yes.

[Reporter] I am [name indistinct] with Televisa. Mrs. President, after signing the agreements with the National Transportation Commission do you believe the government has lost out from the economic point of view?

[Chamorro] Of course there are losses, but on needs to do the best for the fatherland, for reconciliation, and to ensure that all Nicaraguans do the best for the country. We have lost money, the country is bankrupt, as I said yesterday—it is in writing if you are interested, I am not lying—we need to work together for the benefit of the country.

Leal Deems U.S. Amendment on Aid 'Great Victory'

PA2509173393 Managua Sistema Nacional de Television Network in Spanish 0230 GMT 24 Sep 93

[Report by Mitzi Ana Perez; passages within quotation marks are recorded]

[Text] Foreign Minister Ernesto Leal has said that U.S. financial aid for Nicaragua in 1994 has been secured by an amendment approved by the U.S. Senate, which today discussed U.S. financial aid for countries worldwide.

Senator Jesse Helms had submitted an amendment to the U.S. Senate stipulating that countries in the process of returning confiscated properties or compensating U.S. citizens whose properties were confiscated will be eligible for aid in 1994 .

[Leal] This amendment can be sidestepped when the U.S. President, 180 days after releasing the aid, gives a report in which he outlines the progress the country involved has made regarding the property ownership issue. In that respect, we are completely sure.... [pauses] we do not think this amendment is aimed specifically at Nicaragua, but at many countries. We are sure it can be overcome because we have already established a compensation or property return mechanism for U.S. as well as Nicaraguan citizens who have filed property claims. We have a mechanism that has been working, and we feel comfortable, especially at the international level, because this mechanism is in accordance with international law.

Leal also talked about the process of returning property to U.S. citizens.

[Leal] We must point out one important fact: According to international law, the citizenship that is recognized is the one the claimant had at the time the property was seized or confiscated. Our register lists 119 U.S. citizens who are claiming slightly more than 300 properties, 118 of which have been either returned to their owners or the owners have been duly compensated.

Leal said that recent events in Nicaragua have hurt its prospects for foreign aid.

[Leal] We Nicaraguans must be aware that we have to solve our problems ourselves. It is obvious that following the latest scandal and demonstrations, not only the

United States but the entire international community is concerned about the radical attitudes that still plague Nicaragua.

[Unidentified reporter] Do you think the situation in Nicaragua is definitely hurting our prospects for aid?

[Leal] Yes, it is. It hurts Nicaragua's image and the image of its people in the eyes of the world. It makes people believe that Nicaraguans do not want to live in a democratic system, and it shows that we still must learn to protest and air our disagreements civilly. Violence is not a way to protest, it belongs in the past. These are attitudes that belong in the past. We Nicaraguans must assume responsibility for our actions once and for all.

Leal said he hopes that on 15 October the U.S. Government will release the aid to Nicaragua for this year.

[Leal] We are discussing the matter with the State Department. We discussed it with the U.S. ambassador to Nicaragua, who returned to the country yesterday.

Leal said that the approval of this amendment is a great victory for the Nicaraguan people.

[Leal] Particularly for the Nicaraguan people.

Daniel Ortega Speaks at Agreement Ceremony

PA2409153293 Managua Radio Ya in Spanish 1115 GMT 24 Sep 93

[Speech by Daniel Ortega Saavedra, secretary general of the Sandinist National Liberation Front, at the National Assembly in Managua—live]

[Text] Nicaraguan brothers, dear Assembly President Gustavo Tablada, Messrs. Ministers, dear deputies, comrades of the National Transport Commission:

This morning is a morning of profound reflection for the entire country. We must learn a great lesson from this morning: Where there is a will, we can avoid violence; where there is a will, we can avoid prolonged protests and nationwide stoppages; and where there is a will, we can find answers to problems. We put that will to the test this morning, and the dialogue became a formidable instrument for finding a solution to a problem that seemed insurmountable and that had paralyzed the country.

We must stress that the dialogue was possible because the majority of people, the transportation workers and Nicaraguans, fully identified with these demands, demands that seemed more than just indispensable for the country to take a course that would truly lead it to an economic take off, the creation of jobs, and productive development.

Sensible people know when they should make amends. Making amends does not lower a person, it does him credit. The people demanded rectification in the streets, the transportation workers demanded rectification in the streets, yet blood had to be shed in the streets—the blood of our Sandinist brother and national policeman Saul Alvarez and of our sister Romelda Martinez—before a dialogue could become possible.

The great lesson Nicaraguans must learn from all this is that in the future we must avoid violence such as that which caused the deaths of Saul and Romelda. This violence can be avoided when there is a willingness to talk and when one is sensible enough to listen to the people's outcry, which is like listening to the voice of God because God is present wherever the people are.

I want to tell all Nicaraguan brothers who have been backing this just struggle in various ways throughout the country that the time has come to return to normalcy, to continue working and struggling so Nicaragua can return to a path of peace, stability, and full democracy. That was Saul's will; it was Romelda's will; and it is the will of all Nicaraguans. We will comply with that will. Thank you. [applause]

FSLN Protests Ortega's Remarks

PA2509145993 Managua Radio Nicaragua Network in Spanish 1100 GMT 25 Sep 93

["Text" of letter from members of the Nicaraguan cabinet to the Sandinist National Liberation Front, FSLN, faction at the National Assembly, the FSLN National Directorate, and all its members in Managua on 23 September; read by Danilo Lacayo, director of Public Relations and official spokesman for the Presidency]

[Text] Managua, 23 September 1993

Members of the FSLN at the National Assembly, FSLN, Managua

Dear Sirs:

For the second time in September, month of the fatherland, we, as members of the cabinet, want to convey our most forceful protest against the serious and unfounded accusations made by FSLN Secretary General Daniel Ortega Saavedra against our government and Violeta Chamorro, president of all Nicaraguans. His statements on Tuesday, 21 September, which were reiterated in the media yesterday, 22 September, were attempts to blame the government for the unfortunate incidents that were basically the results of extreme poverty, the country's deterioration, the huge debt, the fratricidal war, and the political polarization, which our president inherited from the administration of Daniel Ortega himself.

We believe that a democracy is only feasible when a country's leading political, economic, and social forces are deeply committed to it. That is why we are deeply concerned that a political party such as the FSLN and its secretary general are identifying themselves with violence and promoting it by taking advantage of the people's poverty and bringing the country to a state of chaos, thereby undermining the efforts of the Nicaraguan people to consolidate their democracy.

In addition, your secretary general's failure to firmly condemn the violence and vandalism that led to the cowardly murder of Commander Saul Alvarez Ramirez and citizen Romelda Martinez hurts the image of [words indistinct] which has led us to respond to the FSLN. Since they are part of the Nicaraguan state, the actions of their representatives, mayors, and councilmen elected in 1990 also adversely affect the image of our nation.

For all the above and knowing that the FSLN will be able to play its role in the construction of democracy in Nicaragua, we demand that the secretary general immediately withdraw the serious accusations he has made against our president and stop expressing himself in words that do not contribute to the future of our country.

Sincerely,

The Nicaraguan Government Cabinet
Antonio Lacayo, presidency minister
Alfredo Mendieta, government minister
Ernesto Leal, foreign minister
Emilio Pereira, finance minister
Pablo Vigil, construction and transportation minister
Francisco Rosales, labor minister
Pablo Pereira, economy and development minister
Erwin Kruger, foreign cooperation minister
Martha Palacios, health minister
Jose Sandino, acting education minister
Fernando Guzman, tourism minister
Jorge Gamera, acting agriculture and livestock minister
Guillermo Vargas Sandino, attorney general

Finance Minister, Cooperative Leader on End of Strike

PA2409143893 Managua Radio Nicaragua Network in Spanish 1100 GMT 24 Sep 93

[Report by Francisco Rivas from the National Assembly for the "This Morning" news magazine]

[Text] [Announcer] We now go to the Nicaraguan Assembly with Francisco Rivas, where Finance Minister Emilio Pereira is speaking. This is Radio Nicaragua.

[Pereira] [Words indistinct] the part that also pertains to the municipalities. A high price has been paid; human lives have been lost. We regret this. A great deal of economic resources that could have been used for social programs have been lost. Amid all this, however, we must be optimistic, because we overcame this situation peacefully.

All those who were present in the meeting expressed [words indistinct] at a specific time abandoned their belligerent and violent actions and decided to change those attitudes and work for Nicaragua. We must work for Nicaragua. We must stop these kinds of actions and take advantage of the window of opportunity that is opening.

All Nicaraguans must learn [words indistinct] before the situations [words indistinct]. I want to conclude by recognizing the role played by the National Assembly and government officials who accompanied us today, as well as by expressing once again the message that only [words indistinct] even those who had different and opposing views [words indistinct] to shake hands and overcome difficulties [words indistinct]. However, the only thing we can do to eliminate it is to work for the future.

You can rest assured that Dona Violeta's administration will continue to use....[pauses] The National Police will be used only when it is extremely necessary. On behalf of the people and Government of Nicaragua, I want to pay our respect to police [words indistinct] but also the professional and civic manner in which they preserved order. Good day, and thank you very much.

[Rivas] That was Finance Minister Dr. Emilio Pereira, who played a very important role in this situation to bring the parties together and reach an agreement. We now have (Luis Jimenez), deputy coordinator of the transportation cooperative.

[(Jimenez)] Good morning, Nicaraguan brothers. This is a fabulous and special day. We have worked hard at this Assembly, which has served as a center for peace. We wish to thank Nicaraguan Assembly President Dr. Gustavo Tablada for his great goodwill. We wish to thank the deputies who participated directly in the dialogue for the pacification of Nicaragua and to reach several agreements. We concluded our efforts today after intense work that included evening hours.

We wish to thank the ministers who at times assumed hardline positions to confront ours but put them aside to reach several agreements. We wound up shaking hands this morning. We also thank Daniel Ortega, commander of the revolution and former president of the Republic, and others for their presence here.

We urge everyone to continue participating in dialogues and to act prudently to avoid actions such as those we saw in our country in the past few days. Thank you very much. [applause]

Government, Transporters Reach Agreement

PA2409141393 Managua Radio Nicaragua Network in Spanish 1046 GMT 24 Sep 93

[Agreement between the Nicaraguan Government and the National Commission of Ground Transportation Cooperatives signed at the National Assembly in Managua; read by Sandinist Deputy William Ramirez, chairman of the National Assembly Communications, Transportation, Energy, and Construction Committee—live]

[Text] The undersigned minister representatives of the Government of the Republic and representatives of the

National Commission of Ground Transportation Cooperatives, as well as private vehicle owners, meeting at the National Assembly to find a solution to the current transportation problem and accepting an invitation from the National Assembly's Communications, Transportation, Energy, and Construction Committee, agree:

1. To abolish Decree No. 6-93.

2. To freeze the price of gasoline for the remainder of 1993.

3. The Construction and Transportation Ministry and the Labor Ministry, together with all sectors that represent ground transportation cooperatives and the National Transportation Commission, will create special commissions to review the transportation and cooperatives sector while a new law for transportation and cooperatives is promulgated, a law that will not affect that which is established in existing laws.

4. License plates will cost 200 cordobas and will be valid for five years.

a. License plates must be paid for from the date of this agreement until 30 October 1993.

b. Visa departure fees for local drivers on business trips abroad, as well as vehicle departure permits, will be eliminated.

c. The payment of fees for operating permits and exemption letters issued by the Construction and Transportation Ministry will be eliminated.

5. The following have been agreed upon regarding municipal fees and taxes:

a. To apply Article 74 of the General Law on Cooperatives regarding taxes.

b. In conjunction with municipal governments, incorrect charges made to the transportation sector will be identified and eliminated.

c. A technical committee will be created to review municipal taxes in Central America in an effort to implement pertinent measures in 1994 in accordance with Article 2, Clause 8, of Decree 64-92.

d. To seek prompt approval for a single national arbitration plan to establish a single vehicle ownership tax throughout the country. We have agreed that vehicle owners will pay the same rate paid in 1992 for the remainder of 1993

6. The government will not take any type of reprisal against the organizations and people participating in the strike. If anyone were to be arrested, he should be immediately released, except those who may have committed common crimes.

7. To grant a one-cordoba bonus per gallon of gasoline up to a maximum of six gallons per day to taxi drivers who are active members of legally established cooperatives. The bonus should also be applied to pickup trucks that carry passengers and merchandise and that are members of cooperatives. Active mass transit buses that are members of cooperatives will receive a nine-cent bonus per gallon up to a maximum of 20 gallons per day. Agreements of this type will be applied for the remainder of 1993.

8. As for the withdrawal of the bill on cooperatives, the parties believe this point has been duly discussed, and they are satisfied with the explanations given by members of the National Assembly board of directors, who said it was given an unfavorable review by the Agrarian Reform and Agricultural Affairs Commission as well as by the Labor and Labor Union Affairs Commission. The Labor Ministry will convene cooperative institutions and organizations from all sectors to draft a new bill for submission to the National Assembly in the next legislative period.

9. The honorable president of the National Assembly, Dr. Gustavo Tablada Zelaya, and Her Excellency President Violeta Barrios de Chamorro will guarantee the agreements once they are signed, and the National Land Transportation Commission will immediately lift the national transportation strike.

[Issued] Managua, 0530, 24 September 1993

[Signed] For the National Transportation Commission:

Jose Jara Montiel, coordinator

Luis Molina Vega, secretary

Carlos Palma Alvarado, treasurer

Gustavo Aguili Chacon, public relations director

Luis Jimenez Roa, assistant coordinator

Santiago Suazo, assistant secretary

Nicolas Mendoza Corea, assistant treasurer

Rolando Chavez Tellez, assistant public relations director

Juan Escobar Aburto, first sergeant-at-arms

Martin Mena Acevedo, second sergeant-at-arms

Alfredo Fuertes Laguna, third sergeant-at-arms

Rui Talavera Pena, member

Gilberto Castillo Zavala, member

(Yarov Prasmin), committee of private vehicle owners

Noel Zepeda, spokesman

For the Nicaraguan Government: Dr. Emilio Pereira Alegria, finance minister

Dr. Francisco Rosales Arguello, labor minister

Engineer Pablo Vigil Icaza, construction and transportation minister

Engineer Raul Leclerc Lugo, deputy construction and transportation minister

Guarantor: Dr. Gustavo Tablada Zelaya, president of the Nicaraguan National Assembly.

The president of the Republic of Nicaragua signed the agreements signed today in their entirety.

Mrs. Violeta Barrios de Chamorro, president of the Republic of Nicaragua.

Tablada on Transportation Agreement

PA2409150593 Managua Radio YA in Spanish 1115 GMT 24 Sep 93

[Speech by National Assembly President Gustavo Tablada at the National Assembly in Managua - live]

[Text] Cooperative leaders, deputies, journalists, and friends: The National Assembly board of directors, the Sandinist bloc, members of the National Opposition Union who were present throughout the negotiations, and the Center bloc are very pleased about the satisfactory and successful culmination of these efforts. Although they required intensive work, the results are sufficient to bring about the stability that Nicaraguan society requires.

In concluding these interesting and very positive efforts, we reaffirmed a commitment made by the Sandinist and Center blocs that the work done by the National Assembly would be completely different and that all our work would seek to strengthen peace and the political, economic, and social stability of Nicaraguan society.

It is truly historic that for the first time in the history of the National Assembly, we managed to hold an event of this nature that yielded extraordinarily positive results. We must be truly proud. The Nicaraguan legislature is contributing seriously, responsibly, and positively to develop and strengthen democracy in our society in order to consolidate fraternity, reconciliation, and understanding among all Nicaraguans and to guarantee that we build a strong, solid, and developing Nicaragua; a Nicaragua with a strong democracy and a broad social justice. Thank you very much. [applause]

Foreign Minister Hopes for Accord on Constituent Assembly

PA2409174893 Managua BARRICADA in Spanish 21 Sep 93 p 5

[Report by Maria Alicia Talavera]

[Text] The formation of a national constituent assembly should be agreed during the tripartite dialogue, as long as the presidential term (six years) of President Violeta Barrios de Chamorro is respected, Foreign Minister Ernesto Leal said yesterday. The official confirmed that this topic was informally raised last week during the Five-Five Dialogue (between the government and UNO [National Opposition Union]) delegations, although it was not the main topic on the agenda.

Leal denied reports that he raised the topic and announced that the government-UNO dialogue will continue tomorrow at the Foreign Ministry.

"We will continue searching for topics that will proposed lead to the convocation of a tripartite dialogue," the official indicated, without going into details about the agenda of the meeting scheduled for yesterday but suspended because of the nationwide transportation strike.

In addition, Leal confirmed that President Violeta Barrios de Chamorro will travel today to Guatemala—for one day only—to attend the meeting of the CA-4 [Central American 4] Group, comprising Guatemala, Honduras, El Salvador, and Nicaragua.

According to the official, the president is going ahead with the trip "because the situation in the country is under control." Some politicians criticized the president for going abroad during an ongoing nationwide transportation strike that has essentially brought major economic activities to a halt.

He denied the government was going to the Group's meeting with a specific topic in mind or that the region's presidents would issue a final statement in support of Mrs. Chamorro, a possibility that cannot be ruled out considering previous similar actions made during other Nicaraguan crises.

"She (the president) has the support of the international and Central American communities, that all want the Nicaraguan problem to be settled with respect for the freely elected government," the foreign minister noted.

It was reported that the topics to be discussed during the CA-4 Group's meeting include immigration and the opening of national bank branches in each other's countries. Nicaraguan joined the Group last May.

Former Contras Kidnap French Military Attache

PA2409222893 Paris AFP in Spanish 2201 GMT 24 Sep 93

[Text] Managua, 24 Sep (AFP)—Lieutenant Colonel Ricardo Wheelock, spokesperson for the Sandinist Peoples Army, today reported that Andre Solana, military attache at the French Embassy in Nicaragua, and his assistant, Sergeant Major Agustin Ferrer, have been kidnapped by former contras.

The kidnapping occurred yesterday in the northern area of Nicaragua where the 380 Northern Front, led by Jose Angel Talavera, known as El Chacal, operates.

French Embassy Attache Released

PA2509011093 Paris AFP in Spanish 0040 GMT 25 Sep 93

[Text] Managua, 24 Sep (AFP)—Nicaraguan Deputy Foreign Minister Jose Pallais has reported that Andre Solana, military attache at the French Embassy in Managua, and Sergeant Major Agustin Ferrer were released this evening. Solana and Ferrer were kidnapped by a group of former contras yesterday.

During a news conference, the government official said that the 380 Northern Front, led by rearmed former contra Jose Angel Talavera, known as El Chacal, released Solana and Ferrer at approximately 1915 (0015 GMT, 25 September).

Solana and Ferrer were kidnapped at noon yesterday in the northern area of Nicaragua, where the 380 Northern Front operates.

Ministers on Kidnapping

PA2509044693 Managua Sistema Nacional de Television Network in Spanish 0300 GMT 25 Sep 93

[Text] Twenty-four hours after the kidnapping of two officials of the French Embassy in Nicaragua by members of the 3-80 Northern Front, they were set free tonight. This violation constitutes a serious crime due to its international relevance.

Deputy Foreign Minister Jose Pallais announced the liberation of the two French officials, Lieutenant Colonel Andre Solana, military attache, and his aide, Major Agustin Ferrer, who were kidnapped last night by forces of the 3-80 Northern Front while they visited the San Bartolo area.

The officials were set free after intense talks held by Sergio Caramana, representative of the OAS-CIAV [International Commission of Support and Verification] and Felipe Sanchez, a member of the commission of Cardinal Miguel Obando y Bravo with the 3-80 Northern Front. The officials were released without any type of condition.

[Begin Pallais recording] This incident had very serious implications, as we are talking about an international incident. This is a very serious crime, because it was related to a crime of international relevance, as they were diplomatic officials credited in our country. There has been, however, a peaceful solution thanks to the steps taken by the CIAV and Cardinal Obando's commission. [end recording]

On his part, Deputy Government Minister Frank Cesar said that according to El Chacal [Jose Angel Talavera] the kidnapping was due to a misinterpretation of statements made by Lieutenant Colonel Ricardo Wheelock regarding the Caulatu Agreements.

[Begin Cesar recording] The Nicaraguan Government reiterates that the agreements signed are respected. In this regard, upon consulting the staff of the Sandinist People's Army, they told us that what was said, and the Army's official position, is that the date for being granted amnesty, as established in the said law, has expired. The deadline for the armed groups inside the security zones to demobilize and request amnesty was 15 September. [end recording]

Government authorities have said this kidnapping was a violation to the Caulatu Agreements and do not contribute to the pacification and the stability of the country.

The deputy government minister reiterated the need for the armed groups to disarm and announced that, between today and tomorrow, an important group of armed men from the Esteli area will turn in their weapons.

Segment of FSLN Leadership Decries 21 Sep Violence

PA2409223493 Managua BARRICADA in Spanish 23 Sep 93 pp1, 12

[Report by Elisa Maturana]

[Text] A broad segment of the Sandinist National Liberation Front [FSLN] leadership decried 21 September's acts of violence against Decree 6-93 that left two people dead, including Police Commander Saul Alvarez, and six wounded. The FSLN leaders felt the incidents "marred" a struggle that should have been waged peacefully.

"These incidents were part of a major struggle. Some people believe the use of force constitutes a legitimate method of protest, and in a country as polarized as this one the sides care more about scoring points than ending a violence that will ultimately swallow us up," FSLN National Directorate member Luis Carrion stated while participating in a posthumous tribute to Alvarez.

The death of Alvarez, a former Sandinist guerrilla and founder of the National Police, shook all of the FSLN members, who strongly support the protest but insist in adhering to peaceful means.

"I am on the side of those demanding the repeal of Decree 6-93, but I cannot in any way side with those who use force. Saul's death is the result of a violence unjustifiable from any standpoint," FSLN bloc chief Sergio Ramirez affirmed.

In an official communique issued yesterday by the FSLN Directorate, the FSLN called on its militants to join the protest but urged the people "to behave in an orderly manner" while protesting.

The statement held the government responsible for the violence that led to the killing of the police chief and Mrs. Romelda Martinez, who was shot while going to the house of relatives in the Carlos Marx neighborhood, northern highway.

FSLN National Directorate member Bayardo Arce said the government's responsibility stems from its reluctance to hold talks and its "ignorance toward its interlocutors in the national dialogue," as this leads to street protests.

Violence Is Debilitating

Carrion, in turn, declined to hold any segment of society responsible, because "affixing blame is not that easy," especially in a nation where the "profound and complex" roots of violence "surpass" the methods of peaceful struggle.

In his opinion, the occurrence of violent incidents within the framework of a peaceful struggle instead of contributing to strengthen the organization of the people serves to "debilitate" it.

"Many people who agree with the demands and support the demonstrations turn back when things take a dangerous course," he added. Ramirez said that any act of violence merely serves to worsen the country's situation. Sandinist Deputies Carlos Gallo and Nathan Sevilla, in addition, regretted, along with the other FSLN leaders, that the strike reached "unwanted levels" and left a "tragic toll" on the civilian population and the Sandinist ranks.

Government Held Responsible

Sevilla agreed with Arce's view that the protest went overboard due to the government's "intransigent" and "narrow-minded" attitude and accused the government of being repressive.

Gallo admitted that the country's political forces should have done more to keep the "culture of violence" from prevailing and called on them to reflect and take on their share of responsibility in these incidents.

"The idea is not to quash a just demand, but all of us here bear a responsibility, and the FSLN in particular has the challenge of developing a new culture of struggle that must begin by respecting the decision taken by the Sandinist Assembly of not exceeding peaceful means," he said.

Panama

Alliance To Promote Constituent Assembly Considered

PA2509160493 Panama City EL PANAMA AMERICA in Spanish 23 Sep 93 p 8C

[Report by Arnulfo Barroso Watson]

[Text] Ten recently formed political parties and the "Hope 94" group have held talks with a view to forming a political alliance for next year's elections. This alliance, should it win the elections, would then convene a constituent assembly.

Hope 94 coordinator Jorge Gamboa said his group has held formal talks with the Popular Nationalist Party (PNP), National Unity Mission (MUN), Doctrinaire Panamenist Party, and Papa Egoro. He added that informal negotiations were conducted with the Democratic Independent Union (UNIDE) and the National Integration Movement (MINA), and talks are expected to take place soon with the Civic Renewal Party.

Gamboa explained that the purpose of the initiative is for independent parties and individuals who advocate a constituent assembly to form an alliance which, if it wins the elections, will immediately fulfill that goal.

If the alliance is not formed, Gamboa said, the Electoral Tribunal will be asked to include on the ballots a question concerning the people's opinion on a constituent assembly.

According to Gamboa, the idea is neither illegal nor is it an attack on constitutional order. He warned, however, that it cannot be carried out by the current administration because it has lost its credibility.

Argentina

Economy Officials Deny Possible Subsidies

PY2409114993 Buenos Aires CLARIN in Spanish 23 Sep 93 p 29

[Text] Juan Jose Llach and Felipe Sola yesterday commented on Foreign Minister Guido Di Tella's remarks. The Economy Ministry officials said that the national government is not thinking of granting subsidies to agricultural exporters: "In no way we will grant subsidies," shot back Programs Secretary Llach. Agriculture Secretary Sola went right to the point: "We cannot afford it."

Di Tella told a congress of executives in Bariloche on 21 September that "the government can revise its commercial policy if the GATT talks fail. It could even revise its refusal to grant subsidies to agriculture producers."

The finance executives' meeting turned into a forum against protectionism, perhaps because the government only now has realized that the GATT talks might have a nightmarish conclusion (far from freeing up agricultural trade, it might end up in a trade war between the United States and the EC). The first comments came from President Carlos Menem ("Put an end to these policies, which are a true hoax," Menem urged Europeans and Americans). Then we had Di Tella's proposal.

Economy Minister Domingo Cavallo's officials said that the fiscal surplus is not even enough to service the foreign debt. It is obvious that we do not have money to grant subsidies to rural producers.

The advisers also tried to minimize the differences between Di Tella and Domingo Cavallo. The issue was barely touched upon during the economic team's morning meeting.

Agriculture Secretary Sola spoke about the need to lower interest rates and grant long-term credits, but "not about granting subsidies, because when we talk about subsidies we mean reimbursing exporters. We would be inconsistent with what we are proposing before international organizations," Sola told reporters.

Reporters asked: Are you refusing to grant subsidies because of a lack or resources, or for ideological reasons?

"Argentina cannot afford certain things while we have health and education problems, unemployment in many areas, and regional problems, among others."

Sola took advantage of the situation to throw his darts at the commercial network: "If we implement subsidies we will be helping the gentlemen who benefit by Argentine cost participation in places that lack openness, where there is scarcity and oligopolies exist."

On 20 September Domingo Cavallo will personally explain the situation to representatives of the four agriculture entities. It will be the first high-level meeting after the truck demonstrations organized by those leaders (except for the Rural Society) at Plaza de Mayo on 27 July.

Condor-2 Facilities May Be Used To Develop Satellite

PY2509155093 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1451 GMT 25 Sep 93

[Excerpts] Buenos Aires, 25 Sep (NA)—Argentina could build Latin America's first scientific satellite at the installations used to develop the now dismantled Condor-2 missile in Falda del Carmen, Cordoba Province.

Journalists were allowed to visit the secret Condor-2 installations, that is, 45 mostly underground buildings, for the first time since they were built between 1981 and 1985 at the cost of some $300 million. [passage omitted]

Argentine experts are now discussing the possibility of developing a SAC-8 [expansion unknown] scientific satellite that would carry a payload of 150 kg and instruments to measure X-ray radiation in the atmosphere. The U.S. space agency NASA would position this satellite 38 degrees off the equator at an altitude of 500 km.

This satellite could go into space in April 1995 and would be followed by two other satellites, one of which would be used to observe the Earth.

Bolivia

'New Stage' in Relations With Paraguay Inaugurated

PY2509132893 La Paz Television Nacional Network in Spanish 0100 GMT 25 Sep 93

[Text] We have not received the dispatch from Santa Cruz de la Sierra, as it is a holiday in that department, but it is very important to underline that the meeting between President Gonzalo Sanchez de Lozada and his Paraguayan counterpart, Juan Carlos Wasmosy, confirms that relations between the two countries seem to be at their height. I am going to read a report from the Fides News Agency:

Bolivia and Paraguay, which had in the past engaged in an destructive war, the Chaco war fought between 1932 and 1935, have reaffirmed their advocation of peace and brotherhood by symbolically exchanging rifles, diaries, and a flag, all trophies from that war.

Sanchez de Lozada and Wasmosy have inaugurated a new stage in their countries' relations. They both attended the official ceremonies to mark the anniversary of Santa Cruz de la Sierra's foundation, which included a te deum and a parade. Paraguay's head of state gave his Bolivian counterpart a diary which had belonged to a soldier who fell in the Chaco war, another one belonging to a high-ranking Army officer, and a rifle. Moreover, the

Paraguayan Congress has resolved to give to the Bolivian people a tank that was taken in the famous battle of Nanagua.

Brazil

Article Examines Economic Policy, Politics

PY2509191093 Sao Paulo ISTOE in Portuguese 22 Sep 93 pp 24-28

[Article by Sergio Xavier Filho and Sylvio Costa]

[Text] The inflation rate is nearing 40 percent a month, the economy is showing symptoms of deep exhaustion, and Brazil is shouting for its magician. Fernando Henrique Cardoso, finance minister and candidate for miracle worker, has asked his advisors to rapidly design an economic package. At the same time, he has repeatedly said that nothing will be done before conducting a broad political debate. The minister's cautiousness could cause him to lose a precious advantage if he really plans to use the improvement of the economy as an electoral platform toward Planalto Palace. According to a nationwide survey made in 12 capitals on 13 and 14 September, in which 6,215 people were polled, people have run out of patience. For 62.3 percent of those polled, the "blow" that the minister promised to deal to inflation should have been dealt a long time ago. Some people believe there is still time to do it, provided the authorities act expeditiously: 20.6 percent of those polled believe that harsh measures should be calmly adopted within the next 30 days, and only 6.7 percent believe that there is no hurry. Brasmarket [polling company] partner Ronald Kuntz says: "What is most interesting is that the level of impatience is higher in the lower income bracket, among people earning up to five minimum salaries; 84.3 percent want a package."

The minister knows he is running against the clock. For one thing, on the evening of Wednesday, 15 September the Federal Supreme Court (STF) annulled the IPMF [Provisional Tax on Financial Operations] by a vote of seven to three, cutting this year's government revenues by $1.5 billion. Implementation of the stabilization plan, which will attempt to cut the links between prices and inflation (deregulation, in economic jargon), and creating a new currency tied to the dollar, had been scheduled for January. This was a perfect time for Cardoso, who would have to leave government in March to run for the presidency. Based on the minister's calculations, during the first three months of implementation the plan would reduce the inflation rate to a one-digit figure, in an atmosphere of general happiness in the nation. In the next six months it would be possible to muddle through, and the package would sink only after the runoff elections. In addition, the implementation of a package in January would have permitted negotiations over the revision of the Constitution and the budget balance. The price race has overwhelmed the timetable. Asked about the date of implementation of the package, the minister has replied with jokes. "If it were a child's joke, I would say you're getting hot," he has said sarcastically. To friends and in private conversations, Cardoso has admitted that a 40 percent monthly inflation rate, or an annual rate of more than 4,000 percent, is sufficiently dangerous to rule out gradual solutions.

With red lights going off on his instrument panel, the decision was to expedite the design of the package. The first signal of a change in behavior came on 14 September. Cardoso was planning to deliver a speech over a radio and television network, with expressions like "there is nothing to fear, the economy is growing, and there will be no package." In the face of the increasingly frightening inflationary prospects, a new strategy was adopted. Betting on his unquestionable verbal ability, Cardoso chose a news conference to calm down the market with promises that savings are untouchable and that freezes belong to the past, while showing that the government has not just folded its arms. For the first time since he took over the reins of the economy, Cardoso spoke clearly about deregulation, and made comments about modifications to the money exchange system. Asked by ISTOE whether the plans of former ministers Marcilio Marques Moreira and Zelia Cardoso de Mello to gradually deregulate the exchange rate would be valid for the current team, the minister replied with a significant "yes."

It was not a casual answer. In fact, the economic team is preparing for deregulation of exchange operations in October, a measure that will lead to the adoption of a single exchange rate. The differences between the exchange rates in the tourism, commercial, and black markets will thus come to an end, as in almost all countries of the world. A measure that will apparently change the life of the export and tourist sectors alone could be a key to detecting what will come next. By deregulating the exchange rate, and subordinating the dollar rate to the market without Central Bank interference, the governent will be converting the U.S. currency into a reliable unit that can serve as a reference for all transactions of the economy. This will produce appropriate conditions for the famous "exchange rate index" (in which the dollar becomes a reference that eliminates all traces of inflation), or for another index (which might be a bond, an index, or even a new currency, all of them tied on the exchange rate set by the market).

The possibility of interfering with the exchange rates transformed the financial market into a real roller coaster on 17 September. The money changers started the day on the verge of nervous breakdowns after JORNAL DO BRASIL published a headline report on the adoption of a single exchange rate. Nevertheless, before taking any concrete measures, the market waited for confirmation by Fernando Henrique Cardoso, a confirmation that came as a bomb, true to Itamar Franco's style. At the Finance Ministry's front gate at noon, Fernando Henrique Cardoso briefly said: "It is confirmed. What I have said stands." This was a signal for the confusion to begin. The financial institutions interpreted the minister's remark as if the exchange rate

merger would occur on 17 September and, speculating that the Central Bank would issue a circular letter regulating this matter, tried to act rapidly. With the rate merger it would be logical for the commercial exchange rate to remain level and the black market exchange rate to decline. The market operations followed this trend. The money changers sold their dollars, and the spread (the difference between the commercial exchange rate and the black market exchange rate) dropped from 8 to 2 percent. Central Bank official Gustavo Franco said: "Deregulation yes, a single rate mechanism no. The minister was misinterpreted. It is not possible to take such a measure before settling the public accounts." The market calmed down after the denial of the "immediate merger" and after four auctions, sponsored by the Central Bank, to sell dollars at the commercial exchange rate. The spread remained at 5 percent, a sign that the financial world remained alert to profound changes in the exchange rates.

Apart from false alarms and misinterpretations, Fernando Henrique Cardoso imagines that he will not be able to wait for the settlement of the public accounts and the constitutional reform to parry the inflationary blow. Straightening the public accounts became an unattainable dream after the defeat in the IPMF episode. From a financial viewpoint, the STF ruling was not so disastrous, especially after the states and municipalities were exempted by the STF from paying the tax and collection was limited to $1.5 billion. This is not a negligible amount. Nevertheless, this amount represents a little more than 3 percent of the total revenues to be collected through federal taxes in 1993. The government will attempt to offset the losses by a huge tightening of the belt. By 16 September, Fernando Henrique Cardoso had already decided to suspend for six months $5 billion of the so-called federal voluntary transfers to states and municipalities. The cutbacks will fully hit the Regional Integration Ministry and the Social Welfare Ministry and, to a lesser degree, the Health Ministry and the Education Ministry. The cuts involve only this year's budget, because no decision has yet been made on whether it will be possible to again collect the tax in 1994. For 1993, however, there is nothing else to be discussed: bye bye [preceding two words in English] IPMF.

As far as the bad news was concerned, the Central Bank presented the country with another gift in an announcement on 16 September: The deadline for reaching an agreement with foreign private banks, initially set for 30 November, had been postponed. The reason is simple. There is no chance whatsoever of reaching an agreement with the IMF by that time, a binding condition for completing the rescheduling of loans with the international bankers. The Finance Ministry would now, modestly, be content with being able to reach an agreement by February 1994. And the discouraging news is also seeping through the domestic indicators. Industrial sales, which had been increasing significantly in recent months, are beginning to show signs of fatigue. In May, industrial sales were 13-percent higher than those reported for May 1992. In August, the increase was more modest (9 percent) and the September projections indicate a humble 2 percent. The employment rate, which had been recovering at a snail's pace, will reportedly shift into reverse. In May, Sao Paulo industry hired 0.4 percent more workers that in April, and this percentage will reportedly reach zero in September. Deputy Delfim Netto (Progressive Renewal Party-Sao Paulo State), a former finance minister, notes: "Fernando Henrique has no way out. The patient's vital signs indicate that he will really have to advance the package."

Cardoso is getting ready to enter the last phase of the plan with a proposal, in the first place, to deregulate the exchange rate, and with a unified team at hand. For this purpose he has the "dream team" [preceding two words in English] for the unorthodox economy. The minister chose the members of the team in charge of the economic package from all four government corners, perhaps with a purpose to mislead, or perhaps because it was really the only way to gather together the coordinators of the package. The leader of the team, Persio Arida, one of the designers of the Cruzado Plan, was brought in at the beginning of the month from the Unibanco management, and made president of the National Bank for Economic and Social Development (BNDES). Arida is closely advised by Andre Lara Resende, an economist who in the mid-eighties together with Arica drafted the theory that resulted in the Cruzado-1 plan. Lara Resende became famous and ceased to be merely the son of author Otto Lara Resende. It has been established that by the end of the plan, Lara Resende will become the official negotiator of the foreign debt, although even the pillars of Planalto Palace are aware there is nothing to be negotiated with the foreign creditors this year. The other members of the team are finance minister special advisor Edmar Bacha, Economic Policy Secretary Winston Fritsch, Central Bank Director Pedro Malan, and Central Bank International Affairs Director Gustavo Franco, one of the top experts on hyperinflation in Brazil.

This is, undoubtedly, the most homogeneous team the Finance Ministry has had since the Cruzado Plan. Fritsch and Bacha are members of the PSDB [Brazilian Social Democracy Party] national board. Malan, Franco, Arida, and Lara Resende are fully identified with the PSDB. The team, however, disagrees over a basic issue: the appropriate moment to "strike the blow." In Arida and Lara Resende's opinion there is no time to waste. In their opinion the situation is unbearable, and the plan has less chances of being implemented in a country riddled with hyperinflation. Bacha, Fritsch, and Malan do not feel the same urge, and believe that first the government must promote a strong fiscal adjustment. It is quite likely that the first group will influence Cardoso and Franco. In the opinion of the most orthodox economists, Arida is regarded as the most brilliant member of the team, and has earned the reputation of a leader due to his ability to coordinate input from various sectors into a single line of action. Lara Resende is a machine of

ideas. He easily formulates theories applicable to Brazil, which is what attracted Cardoso. The minister started to imagine the plan after reading an article by Andre Lara Resende published in the REVISTA DE ECONOMIA E POLITICA during the last quarter of 1992.

In sum, Lara Resende proposed replacing the national currency with another issued by an organ independent from the government, the currency board [preceding two words in English], by means of a gold and dollar reserve. In his article Lara Resende proposed simultaneous circulation of the two currencies, but the new one would be used as a reference for prices, salaries, and contracts in general. The new currency would only be part of the plan, which, according to his viewpoint, would still demand the states' fiscal reorganization and the structural reform of the economy (in the modernization trend started by former President Collor, and to increase competitivity). However, it would all be presided over through public debate and Congress' approval, as is reiterated by Cardoso in his strange chronicle of an announced "blow."

Lara Resende, Arida, and Bacha had put together the Cruzado-1 plan, and from there on have been branded economic package makers. Fritsch jokes, however, that they are "economic package makers who have been vaccinated." The truth is that even at that time Lara and Arida, the famous Larida duo of Central Bank directors, opposed the price freeze. They agreed to put prices in a cast, as the then Economy Minister Dilson Funaro announced to the nation in February 1986, provided the measure lasted no longer than 60 days, and was followed immediately by a program aimed at attaining fiscal balance. Instead, the price freeze was maintained, and pre-electoral spending took the place of fiscal austerity (in the 1986 elections the Brazilian Democratic Movement Party got 22 governors elected).

Although he may be vaccinated against economic packages, Lara Resende still retains many of his youthful convictions, which in November 1984 laid the acadamic foundations for his so-called theory of inertial inflation. Together with Arida, he lectured in Washington on the subject, eliciting a positive international reception. A copy of their lecture was one of the most xeroxed texts in Brazilian economic history. Resende, who is now 42, continues to believe that Brazilian inflation will be around until its inertial forces, the "memory" that prevents the indicators from falling, are broken.

The thinking of the other members of the team is not much different. Fritsh summarized it by saying: "Nobody throws out the baby with the bath water." Even so, the advocates of the Cruzado plans now pay a lot more attention to the fiscal side of the issue. Bacha, 51, who was chairman of the Brazilian Institute of Geography and Statistics at the time the Cruzado plans were launched, stated in a 16-page article written after Minister Fernando Henrique Cardoso invited him to join the administration that the main obstacle to stabilizing the economy was political rather than technical: the difficulty of making cuts in the budget that would mark "a revolutionary change in Brazil's fiscal system."

Intelligence Sector Infighting Viewed

PY2509012793 Sao Paulo ISTOE in Portuguese 22 Sep 93 pp 36, 37

[Article by Mario Chimanovitch]

[Text] The Intelligence Department (DI) of the Strategic Affairs Secretariat (SAE), which is directly subordinated to the Presidency of the Republic, is investigating top-level officials of the Itamar Franco government, without the president being aware of it or having authorized it. The investigation, which the SAE calls the "Gathering of Biographic Data" (LDB), focuses not only on ministers or secretaries of state, but also on their relatives.

This information, which ISTOE obtained from sources within the intelligence community, was confirmed by one of those investigated by the SAE. He is General Romildo Canhim, who heads the Secretariat of Federal Administration (SAF). Canhim, who voiced his indignation about the episode. He told ISTOE that he learned about this meddling through friends in intelligence organizations and added that he did not report the matter to President Itamar Franco "because the president is overwhelmed by problems and I did not want to bother him with this sordid story." Canhim said he learned about the affair in July and that investigation included his wife and his son. "I have not had the time to meet with Admiral Flores (who heads the SAE) yet, but when I meet him I will personally demand an explanation," Gen. Canhim said.

The same sources told ISTOE that two other ministers were also investigated by the SAE Intelligence Department: Henrique Santillo, who was recently sworn-in at the Health Ministry, and Justice Minister Mauricio Correa. The latter told ISTOE that he suspected such investigations. "If the story is confirmed, the president will have to adopt strict measures to check this abuse, which is unconstitutional," the minister said, adding that President Franco has forbidden this type of meddling in his government, that he will never agree to it. Correa said that all nations, without exception, need intelligence services, "but a secret service in a democratic system should not lend itself to this type of sordid job."

Consulted by ISTOE, Admiral Mario Cesar Flores, who heads the SAE, said the reports obtained by ISTOE are inaccurate. However, when asked if such investigations could have been made by a group within the SAE Intelligence Department, even against his orders, Flores replied: "It is not impossible, but it is very unlikely." Meanwhile, in a second phone conversation with ISTOE, Flores admitted that the SAE recently investigated two ministers, specifically Romildo Canhim and Mauricio Correa, but at the request of Planalto Palace. Flores said that in the case of Canhim, the investigations involved

an accusation published by a Brasilia newspaper that Canhim was one of the owners of a surveillance enterprise which was said to be working for federal organs. As for Mauricio Correa, Flores added, the matter followed an accusation that he had received money from Palestinians linked with the PLO to finance his political campaign. "In both cases we concluded that the accusations were groundless and we informed the presidency," Flores added. He noted that "such stories are nothing but rumors promoted by opposing factions within the so-called intelligence community."

The minister is right. This dirty, secret, cloak and dagger war, which is being waged behind the scenes by groups, or factions, as the admiral put it, who are fighting over the right to create a new Brazilian secret service to replace the defunct SNI [National Intelligence Service], is nothing new. There are basically two powerful groups: The first is headed by Flores himself. He has supporters in Congress, among them Sao Paulo PT [Workers Party] Deputy and former guerrilla, Jose Genoino, who advocates the creation of a "modern and democratic" secret service, adjusted to "the situation in the world in which we live." In a word, the opposite of the sinister SNI which, as they say, is sadly remembered.

The other group comprises military men in the true sense of the word and its most forceful spokesman is Colonel Wilson Romao, current director of the Federal Police Department. He is a former spy and was an agent of the defunct SNI. He headed the SNI branch in Goiania City during the administration of General Joao Batista de Oliveira Figuereido [1979-85]. "Floresists," [Floristas] as the staunchest supporters of Admiral Flores' ideas are dubbed, have termed Romao's project "retrograde" and "antidemocratic." They contend that the project seeks to revive none other than the SNI itself by unearthing its techniques and methods and by placing it under the sole jurisdiction of the military ministers. The military's project proves that this is not exactly the case. Romao told ISTOE that he does not intend to foster any type of controversy over this issue. On the contrary, he guarantees that his project is "infinitely better than the other one (submitted by Flores)." The fact of the matter is that both men hate each other's guts. Romao used to be strategic affair secretary but the strong pressure put on President Itamar Franco by Flores forced Romao to step down. From that moment on they became enemies.

In the helter-skelter of this behind-the-scenes war, ISTOE discovered some odd things. First, the president of the Republic is deeply misinformed about what is happening in the rest of the country. Franco is invariably taken by surprise by the sheer speed of facts that the SAE did not foresee and therefore could not inform the president about. The recent story disclosed by the press about the true proportion of the so-called Northeastern Arid Region is a vivid example of this. Second, instead of centering its attention on domestic matters which it should investigate and assess in order to keep the president of the Republic well informed, the SAE, its detractors argue, gives its undivided attention to foreign matters, i.e. the world at large. The truth is that, according to Adm. Flores' ideas, the SAE wants to become a first world agency. This explains why officials from Mossad, the Israeli secret service, and the CIA, the U.S. Central Intelligence Agency, frequently visit the SAE headquarters in Brasilia. The Israelis want to be fully briefed on the presence of Arabs in Brazil while U.S. agents are more concerned about the spread of drug trafficking to their own territory, the United States.

Another odd thing that ISTOE learned is that some of the staff, who worked at the SAE, especially at the DI, at the time when it was headed by Pedro Paulo Leoni Ramos, who is known as PP, and who were removed from their positions when Col. Romao became DI chief, are being reinstated in their posts. The official gazette bears witness to this. What is more, PP has been seen at the SAE headquarters. Adm. Flores denies this and insists that he only changed a few things at the SAE. With regard to the presence of PP at this secretariat, Flores said that he never saw PP there. "I am not the type of person who cuts people dead ...," he added.

But the behind-the-scenes war for the control of the future Brazilian secret service, which, so far, is a project to which ISTOE had access, includes a good dose of counter-information and is, above all, pure vitriol. Col. Romao, for example, is being accused of trying to purchase helicopters for the enfeebled Federal Police without calling for a public bid. This charge was made by Deputy Jose Genoino, who passed this information to the press. O ESTADO DE SAO PAULO newspaper published an article last week, in which it hinted that Col. Romao was going to spend $25 million to purchase helicopters from the U.S. Bell company, which had even defrayed the cost of his trip to the United States to visit the facilities of the aeronautic company. Col. Romao defends himself, brandishing documents: "Granted, I visited the Bell factory; that is no secret, but they only paid for the plane ticket, as was published by the official gazette. My expenses were defrayed with the per diem allowances the government gave me. The fact that I visited the factory does not mean that I can close any business deal. Now, I am to visit two other factories, Harrier and Sikorsky, to see which one can best cater for the Federal Police's needs. Then, when there is money available for that, we will call for a public bid," he said.

Romao put these accusations down to a campaign to demoralize him and his conception of a secret service. "There is nothing antidemocratic in those ideas. On the contrary, we need an information agency to keep the president of the Republic informed about what is happening in the country. My idea is to have a service that will come under the jurisdiction of the Superior Intelligence Council, which is presided by the justice minister and made up by the Navy, Army, and Aeronautics

ministers, the chief of the joint staff, the foreign minister, and representatives from the legislative branch and the judiciary. Could there be a better supervision than that?" he wonders.

The naked truth is that the war is far from being over. The president of the Republic will soon have to decide which of the two projects he will opt for, Flores' or the military's. In the meantime, the war continues unabated. ISTOE also discovered that Flores' SAE no longer has access to confidential information collected by the Armed Forces' secret services, namely, the CIE [Army Intelligence Service]; the Secinte, the Aeronautics' intelligence service; and the Ceimar [Naval Intelligence Service]. "Their relations and trust have been ruptured," a reliable source said, adding that Franco was dissatisfied with SAE's performance and that "he has not listened much to what Adm. Flores has to say."

Army Summoned To Break Up Truck Drivers Blockade

PY2409141393 Rio de Janeiro O GLOBO in Portuguese 23 Sep 93 p 1

[Text] Rio de Janeiro was cut off for nine hours yesterday due to a demonstration organized by cargo transport industry entrepreneurs to protest the lack of security on highways. Governor Leonel Brizola called on the Army to help clear Brasil Avenue, which was cut off as of 0300 by 800 trucks. The truck drivers blockaded the four lanes of Brasil Avenue, the Washington Luiz highway, and access to Via Dutra. A huge traffic jam clogged up the city's entry and exit roads. Many shops were barely operating because of the lack of personnel, passengers could not board planes leaving from the international airport, and buses arrived with up to seven hours' delay. Tania Drumond, president of the Cargo Transport Companies Union, and Truck Drivers Union President Nelio Botelho were called to a meeting at the Investigative Police Department, where they were arrested and charged with committing a crime against national security. Army and Military Police soldiers broke truck windows and jump-started abandoned vehicles to clear the area in an operation that even involved helicopters.

Finance Ministry Denies Reports of Deregulation

PY2509000793 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 24 Sep 93

[Text] Today, the Finance Ministry released an official note denying newspaper reports that the government has submitted a plan to deregulate the economy to the IMF.

The note reaffirms Finance Minister Fernando Henrique Cardoso's conviction that Brazilian economic problems must be resolved by making public accounts more healthy and by stabilizing the currency, without any juggling.

The note adds that Brazil's economic policy is subordinated only to national interests, and that the main objective of the minister's trip to Washington is to attend the annual IMF and World Bank meetings.

The minister will take advantage of this opportunity to contact finance ministers of other countries and representatives of economic organizations with which Brazil maintains relations, in connection with matters that are important for the Brazilian economy.

Finance Ministry Denies Price Reduction Study

PY2409143493 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Sep 93 p B3

[Article by Beatriz Abreu]

[Text] Brasilia—The Finance Ministry yesterday denied that it was studying the application of a mechanism to reduce the monthly adjustment on public utility rates. The ministry thus denied remarks made the previous day by Industry and Commerce Minister Jose Eduardo Andrade Viera. Minister Fernando Henrique Cardoso issued an official note reaffirming that the ministry is not considering any such measures, adding that "the policy implemented by the president of the Republic, and therefore the government, is to fix utility rates according to production costs, not according to the inflation rate. [no closing quotation marks as published] The note also says that "prices in the private sector will continue to be determined by the market, without the imposition of reductions, except for those voluntarily agreed upon between producers and commerce."

The adoption of a mechanism to reduce monthly adjustments to product prices and utility rates was a topic of negotiations with the private sector as proposed by Minister Andrade Vieira. It is not being discussed by the economic team, advisers said. According to them, Cardoso told Andrade Vieira that the proposal was untimely and had stirred up the market.

The advisers said that Cardoso complained over the speculation surrounding remarks made by government members.

Vieira and Cardoso met with President Itamar Franco, but both ministers advisers minimized the importance of the conversation. Andrade Vieira later said that they only talked about the coffee industry. The fact is that yesterday Minister Vieira was no longer as enthusiastic as he had been in commenting on the proposal to establish a mechanism to reduce adjustments. "It is a proposal, an idea for discussion purposes, that is all," Andrade Vieira said.

IBRD Loans Amounting to $3.5 Billion Remain Unused

PY2409132393 Rio de Janeiro O GLOBO in Portuguese 22 Sep 93 p 3

[Article by Fabio Pahim, Jr.]

[Text] Washington—Brazil is entitled to receive loans for a total of $5.039 billion from the World Bank (IBRD) and the International Development Agency for infrastructure, energy, environment, farming, and social projects.

Nearly two-thirds of this sum, that is, approximately $3.5 billion, which is equivalent to nearly 0.77 percent of the Brazilian GDP [gross domestic product], which amounts to $450 billion, could have already been disbursed, but remains on the shelf without having been invested in the country. It has been estimated in Washington that some of the reasons for not using the credits are: the absence of domestic matching funds, institutional incompetence, administrative instability, disagreements among government agencies at the state level, and changes in the laws. During the 1989-93 period, Brazil has transferred to the World Bank a liquid sum of $5.3 billion, that is, 66.3 percent of a total $7.985 billion, according to official information provided by the IBRD annual 1993 report.

During the 1989-93 period Brazil, Mexico, and Argentina contracted $28.874 billion worth of loans, received net disbursements amounting to $23.008 billion, repaid $17.753 billion, and paid $13.239-billion worth of commissions and interest.

Court Makes Compensation to Retirees Retroactive

PY2409120693 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Sep 93 p 1

[Text] The Federal Supreme Court (STF) yesterday decided that the National Social Security Institute, INSS, will have to pay retired workers and pensioners who received less than a minimum salary between October 1988 and April 1991 the difference, including interest and monetary corrections. The government estimates that the initial cost of paying beneficiaries in rural areas alone will be something between $3 and $5 billion. The STF based its decision on Paragraph 5 of Article 201 of the Constitution, which establishes that the lowest payment INSS beneficiaries may receive is the minimum salary.

Coffee-Growers Association Established

PY2509031093 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 24 Sep 93

[Text] The International Association of Coffee-Growing Countries was established today in Brasilia. The new association comprises 28 countries, which control 80 percent of the world coffee production. Jose Eduardo de Andrade Vieira, Brazilian minister of industry, commerce, and tourism, has been nominated as the new chairman of the association.

* Military Propose Amendment to Constitution

93SM0422A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Aug 93 p 8

[Article by Tania Monteiro: "Military Want Special Treatment"]

[Text] Brasilia—The military have started preparing for constitutional revision. They are organizing their work around an amendment intended to change Articles 39 and 42. The objective is to exclude the military from classification as "public servants." The minister-chief of the Armed Forces General Staff (EMFA), Admiral Arnaldo Leite, has said that the military will try to persuade the deputies and senators that the military are "servants of the state" rather than "public servants" and should be treated differently.

Achieving that would also clear the way for a different system of pay raises for the military. The 1988 Constitution established equality of pay among public servants, stipulating that similar functions in the executive, legislative, and judicial branches are to be compensated in the same way and establishing unified pay adjustment indexes for the military and civil servants.

Differences—The EMFA chief denies, however, that the effort is due to recent complaints by the enlisted men that their pay is not keeping pace with inflation. "Our job is different from that of the civilians because we work 24 hours a day, we are transferred to all the states, and we do not receive anything extra as compensation," he explained. "I am not saying that we should earn more or less or that we are better or worse; I am only saying that we are different."

The Army's spokesman, General Gilberto Serra, agrees with the idea that the military need to be treated differently than civil servants. He delivered an address at Army Headquarters in which he supported the continuation of compulsory military service and the constitutional role of the Armed Forces. "We are governed by different legislation than civilians, and we have a different lifestyle with several special features," Gen. Serra said. "We are different, and because of that, we must be treated differently, and being treated differently does not establish a precedent of any kind," he explained.

Innovation—The Army spokesman also pointed out that in none of Brazil's previous written constitutions was there any mention of the military being classed as public servants. "That was an innovation in the 1988 Constitution, and it needs to be revised," he said. In his opinion, the military cannot, for example, be given the right to buy government housing like other government employees because that would create problems for the Armed Forces, which need to transfer their personnel every two years.

* Military Club Debates Frota Presidential Campaign

93SM0422A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Aug 93 p 8

[Article: "Reserve Group Debates General Frota's Campaign"]

[Text] Rio de Janeiro—The Military Club is holding an unprecedented meeting today, with 12 reserve officer groups in attendance, to discuss the candidacy of the Air Force's former air commander, General Ivan Moacyr da Frota, for president of the republic. Frota, who was honored in Rio de Janeiro yesterday by the 31 March Independent Group, heard several appeals to run for Inacio Lula Silva, who does not suit our ideals of democracy," said the group's honorary president, General Sebastiao Ramos de Castro of the reserve.

Speaking to an audience of white-haired men, the general did not confirm his candidacy to succeed Itamar, but he assured his listeners that he was doing "something." He intends to send letters to all the inactive members of the Armed Forces explaining his points of view on the situation in the country. "I am feeling the weight of responsibility on my shoulders."

Fears—Yesterday's tribute revived old fears on the part of the military. In Ramos de Castro's opinion, "Brazil's economic and social chaos favors only the Left, and especially the PT [Workers Party], which is a powerful ally of Cuban Castroism." Air Force General Marcio Leal Coqueiro, a former member of the "Republic of Galeao," said that "there will be attempts, as there always are, to install a Marxist government in Brazil."

Frota guaranteed that he would work "within democracy." And he emphasized that after 45 years of military service, he still has "a lot to do for Brazil" in civilian clothes. The general disappointed the curiosity of those present by saying that he had not yet picked a political party to join. "My party is Brazil," he said as a way of changing the subject. And he was careful in his evaluation of Itamar Franco's administration: "He is a man who wants to do the right thing, but he is relatively slow at putting his administration together because he does not have much support in Congress."

The tribute to Frota was a prelude to today's meeting at the Military Club, which will bring together reserve officers from seven states.

Colombia

FARC Front Ambushes Army Convoy; 7 Killed

PA2409234493 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 23 Sep 93

[From the "National Newscast"]

[Text] Seven soldiers died this morning when an Army convoy was ambushed. Apparently the 19th Front of the FARC [Revolutionary Armed Forces of Colombia], which operates in the region, perpetrated the attack. The incident occurred on La Aguja Bridge along the Santa Marta-Bucaramanga Road.

Although the number of injured is unknown, it was reported that they are being transferred to the Santa Marta Social Security Hospital. Doctors there urged people to donate blood because there is not enough for the injured.

Armed Forces Commander Discusses Guerrillas

PA2609223793 Santa Fe de Bogota EL TIEMPO in Spanish 19 Sep 93 pp 1, 19A, 20A

[Report by Edgar Torres and Clara Elvira Ospina]

[Text] Except for their terse answers to questions posed by reporters following military ceremonies, the country knows relatively little about the top military commanders and especially about their views on the war. They are often defined as troop generals or strategists, but that is all. Attempts have been made to mathematically measure their real strategy, their perception of the guerrillas, and their views concerning progress and setbacks in the struggle against subversion, or to measure their inability to put veteran insurgent leaders in prison. Thus, for years, the Armed Forces hierarchy internal analyses have been an enigma and an issue relegated to political analysts and students of violence.

Last Wednesday, EL TIEMPO was in the last office in the west wing on the fourth floor of the Defense Ministry. The sanctuary of the Colombian Pentagon's operations, if you will. General Ramon Emilio Gil Bermudez, commander of the Military Forces, had the government, civilian society, the military apparatus, and subversion on the blackboard for two hours. He explained, from the military standpoint, the 6,000 currently armed guerrillas' capabilities and weaknesses, the latter being the sole reason for the military sector to be optimistic.

Capabilities:

On the one hand there is the phenomenon of cogovernment and on the other the phenomenon of international lobbying. The subversives are capable of cogoverning. They have positioned themselves in areas where they have the greatest influence so that the mayor and other municipal authorities are in contact with them. As a result, government programs, especially those dealing with budget management, are directed by the guerrillas who tell the authorities what they want, thereby rising above the local government.

The mayor gets the councilmen involved and allows the insurgents to participate. This is evidently the case in areas like Uraba and southern Cesar and Arauca. The

guerrillas have had people placed on payrolls in nonexistent positions, and this is how the public administration's resources go to the guerrillas' treasury. Things like these happen when government employees are so inclined or because they fear the guerrillas' powers of intimidation. This influence is really the guerrillas' sole capability in the internal political area. It is obviously an influence that rises above the population, which explains why the people sometimes support them.

The guerrillas' other political capability lies in the international pressure they exert. Their influence abroad is much stronger than ours. In Washington, there is an individual from Barrancabermeja who is in charge of distributing and making known reports regarding other types of irregularities. We were hastily informed that a sector of the Democratic Party has received certain pieces of information. I have confirmed this personally, even when I have offered conferences at universities in Washington, where students have stood up and told me the image they have of the country is quite different.

The guerrillas are also doing this in Europe, where their information is exclusive because they are working alone on a campaign to give the country a bad image. They have thus acquired influence within nongovernmental European organizations.

Weaknesses:

The guerrillas have been left without an ideological base worldwide. They have run out of words. What can they tell people today? Okay, we are going to change the system for a communist system like Russia's or Cuba's?

Nationally, guerrillas no longer have the political force they had up to recently. The Communist Party of Colombia [PCC] has never been as weak as it is now. It is practically extinct and its situation is worse than the armed apparatus: the FARC [Revolutionary Armed Forces of Colombia].

The PCC has lost its leadership, which is now in the hands of the FARC secretariat. The secretariat handles the political and strategic leadership. The problem is that "Tirofijo" [Manuel Marulanda Velez] and the secretariat people do not have the capability to control these two aspects, strategic and political leadership.

The greatest loss of power is due to the loss of PCC leadership. This is reflected in the organization's dislocation. In the past, the PCC was deployed throughout the country. It had its central, its regional, and area organizations. It also had its neighborhood "radio" and a "cell" in the city block.

First of all the PCC went hand in hand with FARC deployment, which was part of a national plan. There were no disagreements. Now the FARC do things and reject the PCC directorate. The militias that do some of the previous PCC work depend directly on the armed apparatus. PCC members should direct the dialogue's political strategies, but this is not the case. This crisis is reflected in the decisions. The guerrillas do not take the PCC into account. This is so because there is a weakening and there is economic dependence.

Outside aid was plentiful in the past; however, due to all the international events the PCC has ended up empty handed. Now it is practically dependent on the armed group, which gather funds from intimidation and protection [boleteo], extortion, and kidnaps. Previously the armed groups were very obedient and turned everything over. Now it holds on to all income and gives the PCC some handouts. The most significant sign of weakness is that the PCC has lost its ability to move the masses.

In the past, the PCC would summon the university and student sectors because this was essential to lead the labor sector. This loss of ability to summon was best demonstrated by this week's pronouncement by CUT [The United Workers Federation], which gave up its protest and said publicly that it did so because of FARC participation.

Ever since 14 September 1977, when the national civic strike took place, the guerrillas analyzed and decided that revolutionary action could be effective with these types of strikes. In the years that followed 1977, the guerrillas nearly got away with their goals. Since then they have always sought a confrontation between the Public Forces and the masses and have carried out a generalized action in the cities. Confrontation is the expedient means they see to create a wedge between the people and the government. It is undeniable that when a student or a workers is wounded, all the students or all the workers make common cause without even asking what transpired.

Nonetheless, another phenomena took place. The inhabitants became fearful of these types of strikes, to the point of reaching the CUT situation this week. Nothing summoned by the guerrillas will yield any results. They, on the other hand, are ever alert to exploit the masses when the opportunity arises.

On the international front, the work carried out by the U.S. Embassy, which sends its own reports of what it directly perceives, has been a decisive factor to counter the guerrillas' work in the United States.

Lastly, in Europe, the bad image situation has improved somewhat. This is thanks to the reports by the Hope, Peace, and Liberty group on the murders of those who have been reinserted into society and on guerrilla violations. The group has been contacted in Europe and has denounced the number of people who die due to guerrilla actions.

The Militias

What is happening is that the guerrillas want to take their war to the cities, to urbanize the conflict, and are using the militias as the main tool for this purpose. Consequently, the FARC has the Bolivarian Militias and the

ELN [National Liberation Army], and the People's Militias. These groups have had a relative development. For example, the militias are in charge of blowing up pipelines on the outskirts of Barranca and are in charge of setting buses on fire.

I do not think the USO [Workers Trade Union] has any links with the ELN. What happens is that the ELN pays attention to all USO conflicts to support them and carry out its actions. I believe there might be solidarity, but not a pact.

Still, the war has not taken hold of the cities because this is rather difficult. With the help of our intelligence forces, we locate the militias quickly and deal them a hard blow. A well-developed militia, however, can have tremendous capabilities. There are various types of militias in Medellin, but most are made up of paid assassins. It is a process that begins with youth gangs, who play innocent games, stage small robberies, later clash with the police and end up becoming a group of paid assassins.

Social Area

Weaknesses: This aspect is measured according to the attitude of the population. As never occurred in the past, the people reject and are aware of who the guerrillas truly are.

The media has also played an important role because if we look at the past, up until recently the media favored the guerrillas. This new attitude has also had consequences in the political sector and the media. When everyone rejects the guerrillas, neither political leaders nor the media pay attention to them.

Capabilities: We can consider the attitude of the church or, better said, the support of three or four bishops in the Middle Magdalena area for the guerrillas. Generally, however, all institutions reject the guerrillas.

Weapons

Capabilities: It should be acknowledged that the guerrillas have 5,000 or 6,000 very well-armed men. The economic resources at their disposal lend them a quick and easy recovery capability. This is what happens when the guerrillas experience desertions or casualties. They lure the unemployed, not by using recruiting terms, but by offering them money. What they promise and what they do are two different things, but they have economic resources to recover and to buy weapons.

Although they do not have foreign support, they do have networks and power provided by drug trafficking. They buy their weapons in Central America, in countries where guerrilla movements have waned and which have a big surplus of weapons. Acquiring weapons is no longer based on the groups' ideological identification, but on purchases carried out in the black market. Black marketeers are not interested in the cause, but in who is paying the bill.

Currently, the FARC uses mainly AK-47 rifles, which were used by the Farabundo Marti National Liberation Front. One-third of the weapons seized this year have been AK-47 rifles and come from the Central American market.

Weaknesses: The strategic guidance carried out by the Secretariat, however, has weakened considerably. Basically, it became weak with the Colombia Operation in Casa Verde where their communications broke down. The guerrillas had to make off with everything. Since then they have been on the move throughout the country. This has had a negative affect on them, because they are no longer able to issue orders and instructions from a single place to the entire country.

Regarding the armed aspect, the lack of guidance is reflected in the lack of strategic plans on the organization's objectives and actions. There are either no plans or else the existing few are not carried out, which is even more serious from a strategic standpoint. During operations, we have found documents with plans, but which are never carried out.

They have made it known that the guerrilla organizations are trying to prevent the reintegration of organizations that have given up the armed struggle, an issue that is already under investigation in Europe. Throughout the world, ambassadors play an important role, but their's is not as dedicated and systematic an effort as that of the guerrilla emissaries who are devoted to that activity.

Economic Area

Capabilities: We must acknowledge that economic power alone is sustaining subversion in this country today. You may ask yourself how can guerrillas survive without the support of the people, without foreign support and without an ideological foundation? The answer is: because they have money.

Money they obtain easily through acts of delinquency and common crime. [sentence as published] The guerrillas are devoted to the commission of profitable crimes. They have ignored the indoctrination of the people, for example, and instead have devoted themselves to extortion, kidnapping, cattle rustling, and drug trafficking. These are the resources that truly sustain them.

Extortion is perpetrated against individuals and firms that are economically strong. The Mannesman case gives one reason to think that foreign companies that have contracts in Colombia, but are not definitively based here, have thought it out and decided that it is better to pay what the guerrillas request and be allowed to complete their contracts. This is not the case with companies based in Colombia. They know that if they yield, the problem will never end.

With regard to the guerrillas' economic resources, it is necessary to refer to their own documents. For example, at the eighth FARC conference, they adopted a plan to obtain 200 billion pesos in resources for 1993. This

means that the fronts are not assigned one quota; they may be assigned several depending on the areas where they operate and the capabilities each of them has developed. We know that recently created fronts must be sustained by the secretariat until they become capable of sustaining themselves. Nevertheless, it is impressive to see fronts handling budgets of 60 or 80 million pesos monthly.

I would say that 60 percent of the FARC resources come from drug trafficking. It might be said that they are already a cartel, especially in such areas as Llanos Orientales, San Jose del Guaviare, and Puerto Inirida toward the Amazons on the edge of the river. In Caqueta and Putumayo, FARC labs have been discovered, which implies that they handle a lot of money.

Weaknesses:

They have deployed their forces but not for subversive activity or for combat, but to deal with the economic issue. They are guarding hostages and carrying out extortion, but their greatest problem is with drug trafficking. They have groups spread out in labs throughout the jungle. This is proven by the fact that we have found large poppy plantations in areas where the FARC operates.

The fronts have turned to criminal activity. They have been dislocated and broken up. In many areas they have lost contact with the secretariat because they are engaged in drug trafficking and are seeking independence. Furthermore, they have encountered problems because of the poor distribution of booty and because most of the front leaders want everything for themselves and little for their subordinates, which has prompted confrontations.

This year, 157 guerrillas have deserted and surrendered to the authorities. We know that four or five times that many have deserted but they have not surrendered to the authorities.

It is obvious that each group still collects its money and gives a quota to the secretariat. Nevertheless, the trend is toward breaking up into commissions to end the dependence. The chief of finances of the Middle Magdalena Bloc fled with 500 million pesos and the leader of Team 12 took 100 million pesos. The FARC is searching for the former to execute him and we captured the latter and he admitted having taken money, but a smaller amount.

Added to this is that right now, there are groups lost in the jungle. For example, there are groups in Puerto Narino (Amazons) and in Taraira, which are very remote areas.

Plans are not fulfilled because the guerrillas are incapable of implementing them. A different situation existed a few years back in Uraba, for example, where four fronts joined forces to attack Saiza. It was never repeated. Leaders become leaders based on their records or because they have proved themselves capable. Local rebel leaders are replaced because they have been killed or were found to be incompetent.

Regarding the secretariat, Jacobo Arenas was the last guerrilla with a capacity to have a broad concept of the national revolutionary movement. "Tirofijo" is simply a legend. He was a brave fighter. He was daring and had the ability to fight. That made him a top performer, but he was kept as a figurehead. He is respected, but he does not have any strategic ability. He has only been taught lexicology.

The Guerrilla Coordinating Board is simply a name because the FARC and ELN [Army of National Liberation] have never been able to join forces. Each wants to take control. They say: Yes! Let us unite! ...but I will lead. That is no way to do it, as can be clearly seen in the dialogue.

From the days of the Castano brothers, the ELN has always characterized itself by combining politics and strategy in a single person. There has never been a party. Those involved in politics have always had to do what Father [Manuel] Perez decides.

The ELN's modus operandi is different. They are not involved in drug trafficking. On the contrary, they have tried to obtain their resources from mining exploration: gold in El Bagre, coal in Jagua de Ibirico, and oil from Arauca and Santander Departments.

The ELN does grow marijuana in some sectors of the San Lucas mountain range and Motilonia, but their connection with drug trafficking has been more incidental. For example, two or three years ago the ELN was contracted to perform terrorist acts in Medellin. Guerrilla explosive technicians were entrusted with the tasks. ELN people working for the cartel were arrested, and they turned out simply to be working for the money.

Conclusion

Subversion is definitely no longer a destabilization organization because it is no longer highly dangerous and because it lost its course. Its revolutionary action will not lead toward a power takeover, but it is a disturbing element.

The government's strategy implemented at the beginning of the Gaviria administration is the correct one. It is correct because it systematically aims at clear objectives, regardless of the fact that the process is not as quick.

Subversion reached its peak when public opinion believed it had political potential. Its highest level was during the mid-1980's. From that time on there has been a gradual setback. It is like a snowball, because national power gains what subversion loses. The guerrillas are slowly weakening from a lack of popular support.

Authorities Arrest Suspected 'Terrorist'

PA2509223693 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 22 Sep 93

[Report by Alvaro Ayala]

[Text] Toiday, the Administrative Department of Security arrested suspected terrorist Yolanda Castro Garzon, who was the most wanted person in Colombia, at her refuge in Salamanca neighborhood, Soledad Municipality, Atlantico Department.

The prosecutor's office issued an arrest warrant against Castro Garzon after charging her with planting [transportar] the car bomb that exploded accidently in Barrancabermeja on 10 February leaving 15 dead and more than 30 injured. She was also linked to a terrorist group headed by Juan Carlos Ospina Alvarez, alias "El Enchufe," who was killed by the Search Bloc in Medellin on 13 January.

State security organizations said that Yolanda Castro Garzon was investigated after several terrorists, who were captured after detonating a car bomb at Center 93 in Santa Fe de Bogota this year, denounced her in their confessions.

Government Reportedly Suspends Dialogue With CRS

PA2709001393 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 24 Sep 93

[From the "National Newscast"]

[Text] The government has just announced the suspension of the dialogue with the Socialist Renewal Movement [CRS] until the death of Enrique Buendia, one of the spokespersons for the group, is cleared up. A mission headed by Ricardo Santamaria, presidential adviser for national security, traveled today to the site of the killing.

The government's decision was prompted by the lack of guarantees for the dialogue, following the killing of CRS spokesperson Enrique Buendia.

[Begin Government Minister Fabio Villegas recording] We are interested in analyzing, with CRS members, the necessary modifications that must be made to the procedures to guarantee the presence of the guerrillas in the zones where we had planned to hold the dialogue. [end recording]

Ricardo Santamaria, security adviser, with a group from the Attorney General's Office and the Defense Ministry went to Uraba this morning to learn personally of the situation. This newscast spoke four days ago with guerrilla Enrique Buendia in the municipality of Oveja Sucre. He had mentioned the most difficult topics for reaching an agreement with the government.

[Begin Buendia recording] We were going to discuss the place where we should meet. We had proposed an urban region and [words indistinct] outlying mountainous region. This was one of the most difficult aspects we encountered. Second, we wanted to determine the role of the communities in this process. [end recording]

A government position, which will decide the fate of the dialogue, is forthcoming.

Indians To Sue Over U.S. Radar Installation

PA2509202593 Madrid EFE in Spanish 0028 GMT 25 Sep 93

[Text] Santa Fe de Bogota, 24 Sep (EFE) — The National Indian Organization of Colombia [ONIC] reported on 24 September that seven Indian communities in Colombia's Amazonian region are suing the Defense Ministry and the U.S. Air Force for installing radar in a place they consider "sacred."

The ONIC said residents of the Huitoto, Muinane, Andoke, Nuyuya, Bora, Yucuna, and Mirana Indian communities near Araracuara, Caqueta Department, which is located 500 km from Santa Fe de Bogota, filed a "petition for protection" with a judge over the construction of a military airport in the area.

According to the ONIC, the Defense Ministry and U.S. experts have been building a base to track drug planes from Peru and Bolivia since September 1992. The ONIC added that the radar is being operated by 50 U.S. operators and guarded by 250 Colombian soldiers.

The ONIC added that Indian authorities in Araracuara argue that the construction of the base and the presence of military troops "violate their fundamental rights" as well as the autonomy that local laws grant the Indian territories. The Indian authorities also said the construction of the base and the presence of military troops is "an obvious violation" of national sovereignty.

However, the government said the radar and the projects at the air base are being handled by advisers, not by foreign troops, because the latter are prohibited by the Colombian Constitution.

Coffee Growers Fear Retaliation by Consumer Countries

PA2709041493 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 26 Sep 93

[Text] Santa Fe de Bogota—There is fear over possible retaliations by consumer countries as a result of the agreement reached among producers on stockpiling policies and the creation of the association, according to private Colombian coffee growers.

According to (Asoexport), today more than ever there is a need to impose strict discipline on the fulfillment of the agreements reached in Brasilia because the outlook of the market will now be very critical. Gabriel Rosas Vega, president of the association of private coffee growers, said there is no sense in keeping Colombia within that

organization because of the large number of countries that will be dropping out from the International Coffee Organization [OIC]. He also said he hopes the United States will not retaliate. He said there is concern over an announcement made by the United States to withdraw from the OIC at a time in which agreements on the stockpiling of coffee and creation of the association are being signed in Brasilia. He said precautions must be taken. The coffee leader recommended that producers take the agreements signed in Brasilia seriously, otherwise the industry would collapse, he said. Rosas said producers must bear in mind the attitude assumed by Mexico because, in his opinion, other coffees could filter into the United States through that market to the detriment of Colombia.

Improve Market Conditions

PA2709013693 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 24 Sep 93

[From the "24 Hours" newscast]

[Text] In Brasilia, the International Association of Coffee Producing Countries [Associacion Mundial de Paises Productores de Cafe, AMPPC] has taken its first steps. The association is the brainchild of Jorge Cardenas Gutierrez, the general manager of the National Federation of Colombian Coffee Growers.

The association will coordinate production and commercialization plans; promote consumption on an international basis; and implement coffee quality improvement programs. As the producers must get down to business immediately, the association will begin holding back export quotas in an attempt to stabilize prices above 75 cents per pound. According to Foreign Trade Minister Juan Manuel Santos, this is a legitimate act of self-defense to protect the social and economic well-being of millions of growers in Africa, Asia, and Latin America. The Colombian exporters say the move is a good one. According to Agriculture and Livestock Minister Gabriel Rosas, however, we must move cautiously.

[Begin Rosas recording] I hope it works. The success of this effort depends on discipline, seriousness, and the correct interpretation of the agreement. If it fails, I hate to think how far the price would drop. I trust that the political determination will translate into action, and that they remain disciplined. [end recording]

Brazilian representative (Jose Eduardo Vieira), who will be the first president, said the association is not a cartel. The objective of a cartel is to force prices to go up and keep on going up. If in this case the idea was to boost prices, in the long run we would have excess production and increased stocks, which would in turn create a price drop.

Interview With Presidential Hopeful Pastrana

PA2709003293 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 22 Sep 93

[Telephone interview with Andres Pastrana, presidential hopeful for the New Democratic Force, by unidentified station announcer—live]

[Text] [Announcer] How do you view the reunification of the Liberal Party?

[Pastrana] [Words indistinct] it is difficult to give an opinion from the other side, as I do not belong to the Liberal Party. I am, however, in favor of a reunification. I believe what Colombian democracy needs is having strong, modern political parties that [words indistinct] will identify with the people's needs. We have seen that the distance has grown wider each day. In that sense, I believe the proposal we have been making since our nomination as candidate to the Senate goes beyond parties. In other words, it seeks options and solutions for problems affecting Colombians, and not simply identify those problems as Liberals or Conservatives.

[Announcer] Juan Carlos (?Serrano) and EL TIEMPO journalist Enrique Santos Calderon expressed different views during a recent program aired by Caracol due to the interpretation given by that daily to recent surveys. What is your opinion of recent surveys and the way in which the Liberal daily reported the results?

[Pastrana] I believe it is important to [words indistinct] with regard to the survey. We see that today even Carlos Lemos Simmonds made a clarification on the interpretation given to that survey by EL TIEMPO [words indistinct] survey published by Caracol and CROMOS. The analysis takes into account each and every one of the candidates participating in the first round of elections. What should not be done in the country is to conduct a survey with candidates who supposedly will be in the first round of elections and [word indistinct]. In the case of EL TIEMPO's survey, it showed Lemos as the leading candidate, even though popular consultations were still underway. Therefore, the survey did not really reflect what at that given time could be the preference for the first round of presidential elections.

[Announcer] However, Dr. Pastrana, [words indistinct] Lemos would not participate in the first round of elections, as it was presumed he would join the Liberal Party organization?

[Pastrana] [Words indistinct] said it was presumed, in other words, his nonparticipation in the first round of elections was uncertain. A survey should be conducted now that according to recent reports Lemos said he will return to the Liberal Party. At that time Lemos [words indistinct] with the survey conducted by Caracol,

because it did take into consideration the possible presidential candidates in the first round of elections. Logically, one cannot dismiss a survey in the sense that [words indistinct] which is technically and statistically unfeasible.

[Announcer] Could the reunification of the Liberal Party with Lemos' integration affect your candidacy?

[Pastrana] [Words indistinct] in any event, even though Lemos is not there, we are still [words indistinct] as EL TIEMPO survey showed. However, I do not think the survey is valid that way and that a new survey should be conducted, as new factors have emerged, which should be considered. I believe what should be considered important is [words indistinct] candidates during the first round of elections, there have been new consultations [words indistinct] consultations within the Liberal Party, and there is still much to be defined. Therefore, we must simply [word indistinct] the trends and the logical recognition of the [words indistinct] of the presidential hopefuls.

[Announcer] There is some talk about surveys. They say you would not be in favor of a survey within the Conservative Party. They say it would bother you and that you have talked about it in private. What is your opinion on this?

[Pastrana] To hold a survey [words indistinct]. I do not believe it would hurt me. [Words indistinct] 65 or 70 percent of all conservatives. What we have to seek is a [words indistinct]. You may have noted that the Liberal Party is also [words indistinct]. If surveys were held on all Liberal Party presidential hopefuls, they would [words indistinct]. They have not yet decided what to do with Dr. Parejo. The same thing happens with the Conservative Party. We first have to agree on the rules of the game so that the survey can be held and so that the Conservative Party can choose its candidate. It will be the Conservative Party convention that will decide what the mechanism will be to elect the candidate to the presidency of the Republic.

[Announcer] Dr. Andres Pastrana, following a demand by Dr. Carlos Lemos to the Liberal Party and the government, President Gaviria issued a presidential note explaining that officials who have relatives running for office must resign. Yesterday in congress we read a list drafted by congressmen of the names of government officials with friends or relatives in embassies, consulates, or public institutions. It is being said that you have a cousin serving in a consulate, in an embassy, or in a public institution. Is that true?

[Pastrana] The thing is that I do not belong to the Liberal Party. It is a demand by Dr. Lemos and the Liberal Party. Not only do I have a cousin in a consulate, but I have two ministers representing the New Democratic Force [NFD]. For the time being the president of the Republic [words indistinct] does not participate in the government. That is a decision [words indistinct], which is up to the president of the Republic to make. We signed a political agreement. We believe we have been promoting a series of important projects for the government and we are committed to the Gaviria government in what we believe is good for the country. We have criticized the things we believe are bad. I said yesterday that if Andres Pastrana is inside the government through the NFD or not inside the government, he is going to support the things that are good and will criticize the things he believes are bad. It is logically up to the national government and to the president to make the decision if the NFD and the other political groups that are accompanying him will be removed from office or not. That is a decision that is up to the president of the Republic to make.

[Announcer] Dr. Andres Pastrana, thank you very much.

Ecuador

President Creates Environmental Advisory Committee

PA2609225793 Quito Cadena Ecuador Radio in Spanish 2300 GMT 22 Sep 93

[From "The Reporter" newscast]

[Text] During a special ceremony at the reception room of the Presidential Palace this afternoon, Sixto Duran-Ballen signed an executive decree creating the Presidential Environmental Advisory Committee. The president was accompanied by the nation's leading authorities and his cabinet ministers.

The committee, which will report to the presidency as of today, will be tasked with coordinating efforts directed at protecting the environment, while allowing sustainable progress. It will be responsible for securing the environment's current and future well-being by preventing its destruction and ensuring adequate resource management. The president had this to say:

[Begin Duran-Ballen recording] What we have done here today is definitely something that [word indistinct]. I have examined this document on Ecuador's environment, which you may already be familiar with. It was prepared by local and foreign specialists, with the help of international organizations. It contains very issue-important information. There are 59 government agencies in Ecuador involved in 28 of the activities considered to be the worst contributors to environmental destruction. [end recording]

Besides this committee, there are another two private or nongovernmental organizations working on this problem. The president said that these groups must work in coordination to create the environmental protection policies. He announced that he has appointed Luis Carrera de la Torre as his delegate to the commission, and therefore its president.

Congress Creates Science, Technology Commission

PA2709000893 Quito Voz de los Andes in Spanish 2300 GMT 24 Sep 93

[From the "The Voz Andes Newscast"]

[Text] The National Congress has formed its Standing Commission on Science and Technology, whose main objective is to create the legal framework for the Ecuadoran scientific and technological community. Social Christian Deputy Gilberto Bacca was elected president of the committee.

[Begin Bacca recording] I am sure you will all agree with the premise that states that a nation's progress and the geopolitical control of the world are no longer based on territorial extension or total population, as they used to be decades or centuries ago, but on the people's scientific and technological development. Ecuador cannot lag behind on this and the National Congress cannot ignore it. [end recording]

Deputy Bacca believes Congress cannot distance itself from science and technology. He asked the Ecuadoran scientific community for its full support in making this committee an entity for scientific improvement, domestically and abroad.

Congress Approves Law for State Modernization

PA2709041693 Quito Voz de los Andes in Spanish 1200 GMT 23 Sep 93

[Text] The National Congress has implicitly approved the Law for State Modernization, which allows for the immediate privatization of public institutions. Deputies approved the law in a second and final debate. The law includes 67 articles, an overall provision, a final provision, and four temporary provisions. The reconsiderations proposed by Socialist Deputy Diego Delgado are scheduled to be discussed today.

Paraguay

Paraguay, Bolivia Sign Joint Agreement

PY2609023593 Asuncion ULTIMA HORA in Spanish 25 Sep 93 p 14

[Text] Santa Cruz—The joint agreement signed last night by Presidents Juan Carlos Wasmosy of Paraguay and Gonzalo Sanchez de Lozada of Bolivia declares the desirability of building a dam to regulate the flow of the Pilcomayo River and to control the sediment and of carrying out other necessary actions in the higher basin of this river to avoid the negative effects of the current behavior of the river. The creation of a city in the area where the borders of the three countries affected by the Pilcomayo River converge was also considered..

This is stated in the document signed by the two presidents. They also pointed out the urgent need to reactivate the three-party committee (Argentina, Bolivia, and Paraguay) in order to share information.

The document mentions the possibility of creating a city in the area where the three countries' borders converge. It would have to be accessible from Formosa and Salta Provinces in Argentina; Luis Calvo and Gran Chaco Provinces in Bolivia; and Boqueron and President Hayes Departments in Paraguay. The need to define policies to develop the zone is also mentioned in the document. The two governments also agreed to invite the Argentine Government to join them in making an international appeal for solidarity in favor of the vast Chaco territory and Pilcomayo basin to halt the ecological deterioration of the zone and promote its sustained development, by designating it as a "zone of ecological risk" that demands immediate attention. As for the Paraguay-Parana River waterway, the document mentions the need to implement a river transportation agreement between the Ports of Caceres and Nueva Palmira, and to draft customs regulations for the warehouse in Villeta granted to Bolivia by Paraguay.

The presidents declared the construction of the stretch of road between Mariscal Estigarribia-Eugenio A. Garay in Paraguay and Boyuibe-Camiri in Bolivia of mutual interest and they decided to request $80 million in financing from the River Plate Basin Development Fund (Fonplata).

The document also suggests building a road between Sucre and Boyuibe to allow exports to be transported to either the Pacific or Atlantic coasts, which would be convenient for both countries. Bolivia and Paraguay plan to resort to the IDB [Inter-American Development Bank] and the Fonplata to obtain financing for this project.

Another point of the document states that within six months the two countries must appoint a committee to study the economical and technical feasibility of building pipelines to transport natural gas, liquid gas, and other oil products from Bolivia to Paraguay and the possible routes for such pipelines.

The document also mentions the progress attained in identifying products that may be traded between the two countries and for this purpose the two presidents recommended signing the Economic Complementary Agreement within the framework of the ALADI [Latin American Integration Association] whose contents, methods of implementation, and terms must be defined during the Fifth Meeting of the Bolivian-Paraguayan Joint Committee. The two presidents also analyzed the possibility of carrying out joint-ventures [preceding two words in English] (temporary agreements between companies) in order to sell goods to third markets.

Agreement on Stolen Vehicles

PY2509200693 Asuncion ULTIMA HORA in Spanish 25 Sep 93 p 14

[By special correspondent Daniel Penayo, from Santa Cruz]

[Excerpt] One of the agreements signed by the Paraguayan and Bolivian presidents and foreign ministers states that all types of land vehicles manufactured or sold in either of the two countries and entering the other country without the appropriate ownership and sales documents and the necessary temporary entry permit will be seized and turned over to local customs officials within two days.

Paraguayan President Juan Carlos Wasmosy emphasized that this agreement seeks to discourage the sales of stolen vehicles. If a Paraguayan or a Bolivian wants to reclaim a stolen vehicle, he should file a claim in the country where the vehicle has been found or seen. [passage omitted]

Congress Scraps Ministry Without Portfolio

PY2409151893 Asuncion ABC COLOR in Spanish 24 Sep 93 p 7

[Excerpt] The Chamber of Deputies on 23 September repealed Law No. 342-56 and thus eliminated the controversial Ministry Without Portfolio. The dissolving of this ministry had already been approved by the Senate, and the Constitutional Affairs Committee of the Chamber of Deputies also approved its dissolution. The law that authorizes the elimination of this ministry has been sent to the executive branch for its promulgation. [passage omitted]

Labor Code Decision Postponed

PY2409150693 Asuncion ABC COLOR in Spanish 24 Sep 93 p 2

[Excerpts] By an wide majority, on 23 September, the Senate decided to postpone its final decision on the presidential veto of the Labor Code. Of the 43 senators present, 35 voted in favor of postponement. The decision was made in an atmosphere of expectation and pressure from business, rural, and labor sectors, which had gathered together some 3,000 persons in front of the Congress building. A number of minor incidents were provoked among these sectors, without their developing into a major problem. The controversial topic will now be studied by the appropriate committees. To this effect an inter-bloc pact has been agreed upon, in that the conditions that have been established will be respected. Businessmen and union members agreed in indicating that the Senate's measure is reasonable, although it means an unnecessary postponement to the definitive solution that both sectors desire. [passage omitted]

Senator Victor Hugo Sanchez' proposal, the one that was finally decided on, consists of four steps to be carried out within a 4-week period.

First week: The Legislation and Codification Committee will receive observations regarding the articles that affect their interests from all the sectors that are involved.

Second week: The committee will proceed to evaluate the suggestions, and will finally draft a bill with the appropriate modifications.

Third week: This bill will be distributed to all senators who are interested in the matter, which at the same time will provide the opportunity for introducing modifications.

Fourth week: The final decision must be adopted. This consists of rejecting the executive branch's veto and immediately, in other words, the day after the veto is rejected, introducing the bill containing the modifications with the support of all the Senate's bloc leaders.

Union Leaders Protest Stance on Labor Code

PY2409153493 Asuncion ABC COLOR in Spanish 24 Sep 93 p 3

[Text] After the Senate's 23 September decision to postpone for 30 days its decision on the presidential veto of the Labor Code, a group of union leaders held a demonstration in front of the premises of this newspaper. The demonstrators arrived at the building expressing their discontent regarding the editorial stance of this newspaper.

ABC COLOR's editorials defend the argument that the Labor Code that was approved by the previous Congress is not appropriate, and that it will cause a crisis for the business, industrial, and rural sectors. Some of the demonstrators shouted unprintable phrases that do not sit well with the role of union representatives.

The demonstrators had first rallied in front of Congress, and then marched through the downtown streets until they reached the premises of ABC COLOR.

UK Paliamentarians End Visit; Encourage Investment

PY2509185693 Asuncion HOY in Spanish 25 Sep 93 p 7

[Text] During a meeting with the media to mark the end of their one-week visit to our country, the members of a British parliamentary delegation said that "the conclusions of our visit will be to encourage British businessmen by telling them that this is a country with which they can do business."

They also noted that for the United Kingdom, Paraguay is a very distant country about which very little is known. Therefore, the more contact of this kind, and the more information received on Paraguay, the greater will be the number of British investors who come to Paraguay.

The British legislators also issued a declaration praising the progress made so far and the desire to face the great challenge that safeguarding the democratic process represents. The declaration states: "We are certain that a prompt and successful conclusion to the Uruguay round of the GATT negotiations is very important to Paraguay and other developing nations, and Great Britain, in its capacity as a member of the EC, may significantly contribute to these negotiations." They also voiced their hope that the Mercosur [Common Market of the South] will contribute to Paraguay's development and to improving trade prospects between Mercosur and EC member countries.

The visiting legislators said that they had come to learn about the progress attained in the development of the democratic system, not only in Congress, in the institutions, and in parliamentary activities, but also in the whole of society.

The members of the British parliament commented: "One of the things that impressed us about the journalists is that not only are they very willing, but also very free." They then added that in any other part of the world the media is given five minutes to take photographs, and are then asked to leave because the politicians meet behind closed doors.

One of the visiting legislators said: "The custom here is obviously different, because those who take the photographs hang around awaiting to learn the conclusions of the meetings, and that is incovenient for the politicians." He then added: "Despite this inconvenience, we wish to thank you for your determination."

Peru

Shining Path Causes Power Outage, Dynamite Attacks

PA2509021293 Paris AFP in Spanish 0147 GMT 25 Sep 93

[Text] Lima, 24 Sep (AFP)—On Friday night, Shining Path guerrillas provoked a large-scale power outage that left Lima and a large portion of the country's central area in darkness. In addition, the guerrillas unleashed a wave of dynamite attacks in several Lima districts, the police have reported.

The attacks occurred while Alfonso Bustamante, president of the Council of Ministers, presented his government plan at the Congress.

'Terrorist' Attacks on Bank

PA2509023293 Lima Global de Television Network in Spanish 0100 GMT 25 Sep 93

[From the "Direct Line" newscast]

[Text] Tonight's power outage reportedly was caused by two blown out high-tension utility pylons. Terrorist attacks were perpetrated against a Banco Latino branch in La Victoria, Miraflores, the Pacifico movie theater, and a nearby coffee shop; in addition, the Banco de la Nacion branch was attacked with explosives.

At Manco Capac Square, several undesirables tried to loot stores and rob local street peddlers, but the timely appearance of an Army patrol thwarted the attempt.

Electrolima a few minutes ago reported that efforts are being made to restore the electrical service through the Santa Rosa and Ventanillas power stations. A source has said that electricity will be restored in Lima at any time.

Fujimori on Compensation for U.S. Pilot Relatives

PA2509003693 Lima Global de Television Network in Spanish 0100 GMT 24 Sep 93

[From the "Direct Line" newscast]

[Text] President Alberto Fujimori has assured that the relatives of the U.S. pilot whose plane was downed by the Peruvian Air Force in April 1992 will receive compensation. In another turn of events, he appeared in favor of certain changes that could be made to the Lima Convention, as mentioned yesterday by Chilean Foreign Minister Enrique Silva. Here is what President Fujimori said:

[Begin recording] [Fujimori] The Peruvian Government's position and the results of the investigation have been clear. There was no responsibility in this incident, but the Peruvian Government, from a humanitarian viewpoint, will try to compensate the relatives of....

[Unidentified reporters, interrupting] [Words indistinct]

[Fujimori] Pardon me, what did you say?

[Reporter] When will this compensation be approved?

[Fujimori] This compensation is being worked out through an insurance policy.

[Reporter] What is your opinion regarding the Chilean foreign minister's comment that the Lima Convention could undergo some changes?

[Fujimori] We agree with him, particularly when there is such a respectful relation and when there is political willingness to overcome these small differences that could be....

[Reporters, interrupting] [Words indistinct]

[Fujimori] It is not a matter of flexibility; rather, it is a matter of finding points of agreement that benefit both nations. Once the Lima Convention is amended to the total satisfaction of both parts, I am sure that the weapons buildup, which has been so negative during these past decades, will certainly be reduced; then we can devote all our efforts and resources to the nation's development. [end recording]

Poll Shows Drop in Draft Constitution Support

PA2709022193 Madrid EFE in Spanish 2049 GMT 26 Sep 93

[Text] Lima, 26 Sep (EFE)—According to an opinion poll made known in Lima today, 44 percent of Peruvians will vote "yes" for the new Peruvian constitution and 30 percent will vote "no." The referendum will be held 31 October and the government and the opposition are currently in full campaign, the government seeking the "yes" vote and representatives of the opposition seeking the "no" vote.

The results of the survey conducted by the private firm "Mercadeo y Opinion" and published by Lima daily LA REPUBLICA indicate that preference for the "yes" vote decreased 5.5 points with regard to a similar survey conducted by the same newspaper last week, which gave the "yes" vote a support of 49.5 percent. As for the "no" vote, an increase of more than nine points was recorded with regard to the 20.9-percent support the option received last Sunday. Support for this option now stands at 30 percent. The survey was conducted in Lima and 10 other cities in the country. A total of 2,400 people were surveyed, according to the source.

Sixty-two percent of those surveyed admitted they did not have sufficient knowledge of the contents of the constitution, which will be submitted to the people for their approval or rejection on 31 October. Thirty-eight percent of those surveyed said they were informed about the constitution, which was approved by the Democratic Constituent Congress and which is considered by the opposition to be autocratic, antilabor, centralist, and grants excessive powers to the president of the Republic.

Peruvian President Alberto Fujimori and congressmen from the ruling Change 90-New Majority Movement Coalition claim the text of the new constitution will lead to the modernization of Peru and will consolidate the reforms being promoted by the government for national reconstruction and to bring about peace.

Fujimori: U.S. Will Improve Drug Strategy

PA2509234193

[Editorial Report] Lima Panamericana Television Network in Spanish at 0318 GMT on 20 September, during the "Panorama" program, broadcasts live an interview with Peruvian President Alberto Fujimori by "Panorama" host Guido Lombardi. Fujimori discusses a wide variety of issues ranging from the Peruvian women's volleyball teams' most recent victory and his choice of literature to the referendum on the new constitution.

Among other things, the president says the constitution and his government are closely connected "because all of the steps I have taken since 5 April or most of them, with their objectives and certain mechanisms, have been included in the constitution. These measures have yielded certain results under government arbitration. In my opinion, an approval of the constitution virtually equates to approval of the government."

President Fujimori also discusses the education system, freedom of expression, and the cases of certain individuals who have been mistakenly convicted as terrorists, before moving on to the economy. He confirms his upcoming trip to New York, where he will address the UN General Assembly and business sectors, regarding which he says: "As Economy and Finance Minister Jorge Camet has already said, I will not meet with bankers at the outset. My general plans have been outlined, especially with regard to Peru's economic and financial situation, its small budget and the need for special refinancing."

Regarding payment of Peru's debt, Fujimori says: "We are normalizing debts which we have accrued with the World Bank and private banks which have not been paid since 1983. This is a very heavy debt that obviously requires refinancing but we must also pay amortizations and service charges. I am talking about approximately $1.2 billion, a very large sum for Peru's economy. We are concurrently seeking loans that are equal to or greater than what we disburse and we hope the balance will tip in our favor. The question is, do we want to remain isolated or must we negotiate and rejoin the international community. I believe we all agree on this, even the left. The problem now is how to obtain more resources."

To a question concerning how he will respond at the United Nations to the recent U.S. announcement that it is going to suspend aid for the struggle against drug trafficking in Peru and other Andean countries, President Fujimori says: "I am going to confirm what I said in San Antonio, Texas. This problem requires international support, including financing for the antidrug struggle. I believe the United States is reconsidering its entire strategy, not to abandon the struggle against drugs but to make it more effective."

Fujimori's interview concludes with the disclosure of his plans to visit Chile, to integrate Peru with neighboring countries, and to broach the housing problem. The 38-minute interview concludes at 0356 GMT.

President Fujimori on UN General Assembly Address

PA2509224593 Mexico City NOTIMEX in Spanish 1543 GMT 25 Sep 93

[Text] Lima, 25 Sep (NOTIMEX)—Today, the Peruvian Congress authorized President Alberto Fujimori to travel to New York and participate in the UN General Assembly, where he expects to recover the international community's trust. A resolution published today, Saturday, by the official newspaper EL PERUANO, states the Legislative Branch authorized Fujimori to leave the country between 26 September and 3 October, when he will also hold a series of meetings with U.S. bank, trade, and finance groups.

On Thursday, Fujimori said he hoped that, following his address to the UN General Assembly, there will be a better understanding on an international level concerning the political situation in Peru and the process to return to constitutional order following the 5 April 1992 self-inflicted coup. On that occasion the Peruvian president decided to dissolve congress, ruled by the opposition majority, and intervened in the Judicial Branch, with the Armed Forces' support. "Situations that arise in other places, such as Russia, will surely result in analogies, and events such as these should be analyzed more conscientiously," Fujimori said; adding "people in Peru and other parts of the world seek democracy."

He said he has been preparing his address for three weeks and it will be a summation of his three years in office, with a special emphasis on the progress achieved in the peace process and struggle against subversives. Fujimori will also explain the country's economic situation following the implementation of a severe adjustment program under IMF supervision.

The drug trafficking problem will be another issue because Peru is one of the world's largest producers of coca leaf, the main raw material in manufacturing cocaine. Within this framework, Fujimori said his government is willing to fight this scourge and overcome any obstacle with the United States, the leading drug consumer on the planet, in reference to an announced cut in that country's aid for the struggle against drugs. Fujimori also said he is willing to compensate, through an insurance policy, the relatives of U.S. pilot Joseph Beard, who died on 24 April 1992 in an incident between a U.S. military plane and Peruvian jet fighters.

A Hercules C-130 without identification was detected flying over the Alto Huallaga zone, located in the forest region of San Martin, and Peruvian pilots opened fire on the aircraft when the pilot failed to identify himself. Several rounds hit the fuselage and the pilot had to make an emergency landing. The U.S. Senate made release of aid for the struggle against drugs contingent with payment of this compensation, although Washington has already announced it will reduce its foreign cooperation budget for the strategy against drug trafficking.

Fujimori said two weeks ago the struggle against drugs in the world has been a "failure;" adding the problem will continue in Peru for various decades if it does not receive international support.

Shining Path Internal Power Struggle Viewed

PY2409191093 Lima LA REPUBLICA in Spanish 12 Sep 93 Pp 18, 19

[Article by Angel Paez, of the Investigative Unit]

[Text] Twelve months after Abimael Guzman Reinoso's arrest, the problem of replacing him as head of the PCP-SL [Communist Party of Peru - Shining Path] has yet to be resolved. In the latest issue of EL DIARIO INTERNACIONAL, the SL publication distributed abroad, it confirmed that there is a dispute between the sectors that want to head the organization. On one side are those who represent the majority of the movement members, who have been deeply affected by the security forces' blows, while on the other side are the minority who, although defeated at the 1988 congress, still aspire to control the SL. This minority had its opportunity when Guzman Reinoso and an important sector of the Central Committee were captured. The dispute was reflected in the Peruvian People's Movement, MPP, the sector of the SL that handles propaganda organization and its dissemination abroad.

One of the sectors is headed by Luis Arce Borja and Alfredo Olaechea Cahuas, who live in Brussels and London, respectively. They are members of the SL majority trend that recognizes Guzman Reinoso's rule. The other sector is headed by Maximiliano Duran Araujo, who lives in Paris. He is one of the group of SL historic leaders around whom the minority sector of the party gravitates.

When Guzman Reinoso was captured, Duran Araujo, brother of Osman Morote Barrionuevo's wife Tereza, took the opportunity to set his sector on the path toward obtaining the party's leadership. It was Morote who, during the first SL Congress in 1988, questioned Guzman's authority. He was defeated, however, and submitted to an "ideological knifing."

One of Duran's first actions was to overrule the SL leadership abroad which was headed by Arce, director of EL DIARIO INTERNACIONAL and Olaechea, president of the "Sol Peru" committee in London. Both Arce and Olaechea consider themselves legitimate leaders of the MPP, a SL organization that plans, coordinates, and carries out actions abroad.

Long before Arce and Olaechea, Duran Araujo began in the 1980's to build the MPP by first founding the Sol Peru committee in Paris, where he lives, and then extending it to other cities like London, Stockholm, and Madrid.

When Arce and Olaechea arrived they began their own actions and clashed with Duran who defended himself by saying that he was sent to Europe directly by Abimael Guzman and that everything he did was coordinated with Guzman. The conflict intensified with the arrest of Guzman.

Arce Borja began a strong campaign against Duran through EL DIARIO INTERNACIONAL, in its first issue released last March. Arce states: "The opportunists in France [Duran] have a long record of trafficking through their false support for the people's war and their attacks on Peruvian Maoists," adding: "Some, like Maximiliano Duran and the couple that distributes the loose pamphlet called 'EL TRACTOR' (mouthpiece of Duran's group) dedicate themselves exclusively to attacking the MPP and its political work." Arce ends by stating: "The methods used have the same objective: To

overrule the authority of the MPP as part of the organizational PCP structure to weaken it and seek its destruction. As can be seen, these objectives are no different from those of the Peruvian Government and U.S. imperialism." With time, the internal conflict has intensified.

In the following issue of EL DIARIO INTERNACIONAL, released in May, Arce is more precise and devastating regarding his rival. He dedicates two pages to Duran under the title: "A poisonous plant: The life and miracles of Maximiliano Duran" which is a sort of short biography of he who considers himself a faithful follower of Abimael Guzman. "He is an individual with a typically criminal behavior," Arce Borja states, adding: "He has lived in Paris for the last 10 years and has never had links with the PCP either in Peru or abroad. (...) Since he arrived in France he has falsely represented the party abroad. For this purpose, he unscrupulously used his relationship with people who really participate in the people's war and the fact that he once worked at the Huamanga University." Arce accuses Duran: "In July 1992, Duran lost his head as never before and revealed his sabotage action against the PCP abroad. In two letters he released as leaflets, he makes clumsy and false accusations against the MPP. He charges its leaders with being 'infiltration agents,' 'saboteurs,' and 'degenerates' linked with intelligence services who sell pictures to the police of marches in which the faces of the participants clearly appear. Duran slithers like a snake," Arce states as he describes his rival who claims the MPP leadership and who accuses Arce, Olaechea, and his followers of being SL traffickers.

In the latest issue of EL DIARIO INTERNACIONAL, released in July-August 1993, Arce and Olaechea use six pages to criticize Duran and Rick Angell, a U.S. citizen leader of a SL cell in Seattle, United States, who defends Duran. Arce and Olaechea insult Duran, calling him "a vulgar saboteur," "an old revisionist," "a turncoat," "an adventurer," "a bum," and "a gangster."

Duran, a member of Guzman's intimate circle, says that there is "a struggle between two currents of the MPP," and a confrontation between two clearly defined groups. He thus infers that one sector does not obey the party line and that he follows the right path.

Arce, Olaechea and their followers, who are Duran's rivals, allege they are the real representatives of the current leadership. Indeed, everything seems to indicate that the PCP-SL leadership is in the hands of the minority neglected by Guzman.

A SL committee was allegedly sent to Europe last May to end the conflict between Duran and Arce but it allegedly sided with Duran because he belongs to the historic cadre of the party. Given that the committee represents the historic minority of the party, it was rejected by the cells controlled by Arce, including a cell in Madrid called the "Support Committee for the Peruvian Revolution," CARP.

The latest issue of NOTICIAS DEL FRENTE, the CARP mouthpiece published in Madrid last June, expresses its rejection of the activities of the committee sent from Lima: "The masses are tired of these false leaders and the Spanish people do not need these false representatives from Peru to conduct our activities. With people like these," the Arce followers state, "who needs enemies."

The fact that the committee in charge of ending the rivalry between the cells abroad has been rejected shows that the current leadership of the PCP-SL, which is allegedly under the control of a minority group, is still not accepted or respected. Thus, the current SL leadership is not legitimate.

Duran belongs to the sector that criticizes Guzman for having changed the original strategy of taking the war from the countryside to the cities, to emphasize combats in Lima. On the other hand, Arce and Olaechea still acknowledge the "leadership" of Guzman and believe the MPP should be under the control of the party and not operate independently like Duran wants.

The internal struggle has reached the point where Duran refuses to join a "world mobilization to defend the life of Guzman," thus confirming his questioning of the leadership of "President Gonzalo." Arce states: "The criminal activity of Maximiliano Duran (...) represents nothing but his unfortunate and unsuccessful effort. Throughout nearly 10 years of sabotaging actions, Duran has been unable to overcome his total isolation," adding: "The only thing he can do is issue clandestine pamphlets and communiques using aliases and pen names. But if we add the work done by Duran to that of Rick Angell, Sabina Astete, EL TRACTOR, and other elements, they turn out to be an internationally connected gang that must be implacably combated without any mercy."

Rick Angell, an American who belongs to Duran's publicity group, has distributed two letters justifying the viewpoint of his group. Angell states that there are a lot of people among the MPP members who do not even know what Peru is and they nonetheless support the SL: "The PCP (SL) generated the MPP as a way to support the people's war and to spread Maoism. But this does not mean MPP members are members of the PCP. In fact, most of its members have not even been indoctrinated by the PCP. Many of them did not attend the People's Schools of Peru [Escuelas Populares del Peru], and some did not even support the PCP when they lived in Peru."

The answer by Arce and Olaechea was firm: Duran leads "a group of shams," or "a group of strange individuals who, under the false pretext of 'supporting the people's war' seek to weaken the international prestige and influence of Peruvian Maoists." In all, Duran belongs "to the old revisionist faction that pretends to be Communist to profit from the people's struggle," action that the SL punishes with death.

SL expert Raul Gonzalez Chavez, who returned to Peru after living for a year and a half in Europe, said that the conflict between Duran and Arce "shows that one year

after the arrest of Guzman the Shining Path has yet not solved its leadership problem. There has not yet been a split," Gonzalez states, adding: "the committee's visit to Europe shows that the current party leadership is trying to prevent a schism." Gonzalez stated: "Documents reflecting the conflict show that the 'provisional leadership' of the Shining Path still does not have the necessary authority to solve the problems that Guzman would have solved with a single telephone call."

Gonzalez also said that the current PCP-SL leadership "is made up of the party minority. That is why Arce and his followers oppose this leadership's efforts to end his conflict with Duran. It is clear that there is a great internal struggle," Gonzalez said. The conflict between Duran and Arce, which is the extension of that which currently exists among the PCP-SL leadership and other party branches that still recognize Guzman's authority, could mark the beginning of a confrontation that could lead to a split within the SL. The lack of a legitimate leadership, and a persistent void left by Guzman, may mark the beginning of the end.

Drug-Trafficking Infrastructure Examined

PY2409154093 Lima EXPRESO in Spanish 13 Sep 93 p A4

[By Liz Mineo]

[Text] More than 50 "firms" control the multimillion-dollar business of drug trafficking in Peru, but none of them has yet reached the level of Colombian drug cartels.

According to the U.S. DEA, despite the power of the "firms," whose yearly operations amount to approximately $2 billion and involve more than 2,000 tons of drugs, it is not yet possible to speak of a Peruvian cartel.

Other people, however, do not believe this is a remote possibility.

"Vaticano" and Cali

According to police the "firm" that has the greatest chance of creating the first Peruvian cartel is that headed by Demetrio Chavez Penaherrera, aka "Vaticano." According to all police reports he is the country's most powerful drug trafficker.

His organization is said to sell an average of 60 tons of washed basic paste annually, worth approximately $900 million.

"Vaticano's" current operations center is in the Biabo valley, although until a short time ago it was located in Campanilla, a village south of Tarapoto, where he had established his headquarters between 1989 and 1992. From this place he controlled an empire from Uchiza in the south to Saposoa in the north.

"Vaticano" collects the drugs and sells them to the Cali cartel, whose members introduced him into the business. To expand his "enterprise" he built an airstrip in Campanilla, where fees amounted to $5,000 per "flight."

A good pupil of his Colombian masters, "Vaticano" conquered the people's good will by building facilities for the population during the four years of his reign in Campanilla.

Today the "firm" has moved to Barranca, where there is another illegal airstrip.

The Minister

The second-largest Peruvian "firm" is controlled by a Colombian, who is known by the name of Waldo Vargas, aka "The Minister."

His headquarters used to be located in Pampa Hermosa, until frequent police actions "spoiled" it. According to the police, for a few months now "The Minister" has operated in the lower Huallaga, a territory that he has turned into his kingdom.

"The Minister" is believed to operate with approximately 40,000 kg of drug every year, which he also sells to the Cali cartel.

"The Minister," however, is not the only Colombian drug trafficker working in Peru: Colombians "Cadillo," "Monkey Face," and "Chato" work in his "firm."

Other "colochos"—Colombians, in the local jargon—are, among the more important, "Armadillo," "Morgan," "Solitario", "Polaco," and "Paisa," who share the business with "Yacare," "Kiko," "Rolo," "Tula, "Pasajero," "Senador," "Choper," "Juancho," "Cartera," "Pestana," and "Cana Hueca," who operate in the Huallaga region.

The police do not know the identity of almost all Colombians and of the majority of Peruvian drug traffickers. Police records, like the previous paragraph, are full of nicknames.

Peruvians

Some major Peruvian "firms" operate in Aguaytia, a city that up until last year was a capital of coca.

The police have managed to detect five firms in that village, but they are believed to be more numerous. "Tio Rios," "Cabezon Gonzales," "Mongol," "Bigote," and "El Viejo" are the leaders of some of them.

In Cachicoto, Peruvians "Charapa" and "Pelo Duro" control the business. "El Chino," "Champa," and "Cholo Claudio" in Aucayacu. "Colocho Juan" in Huicungo. The "Cachique Brothers" in the Pichis Palcazu valley. "Maxim" and "Baron" in Bellavista. "Chato Rubio," "Madero," "Quiroz," and "Capi" in Pampa Hermosa.

In Moyobamba, the business is controlled by Julian Tamanguillo, Augusto Lazo, and Jorge Lozada. In Saposoa, the master is "Lucho Culon."

Of the 50 mafias operating in the country, more than half consist of "national elements." Fifteen of them are believed to be run by Colombians.

In Upper Huallaga, 21 "firms" were known to be operating in 1991: 11 of them owned by Colombians, three by Peruvians, and the rest run by nationals of both countries. Peruvians have gradually managed to take control of the majority.

At the Service of Colombians

Foreign or domestic, the "firms" have similar patterns of operation.

A "firm" is not only an enterprise dedicated to buying drugs, but also an industry that produces and exports drugs. Yet the organization, which can have as many as 200 members, always works for a Colombian buyer, who places the orders and imposes the conditions.

"Firms" are hierarchically and vertically structured like a pyramid. The "boss" or "tough one" is at the top, while "couriers" or "mules" are at the base.

Wholesalers and collectors are between both ends. The former can be of two types: those who buy large quantities of drugs with "firm" money, and those who buy drugs with their own money. Sometimes they have drug processing laboratories.

Collectors are intermediate buyers who buy drugs for sale to wholesalers. They usually run a group of "couriers."

The Last Ones

"Couriers" buy drugs from the peasants who produce the paste, and later sell it to collectors. They usually operate with "firm" money, and sometimes with their own money.

Couriers use motorcycles, motor boats, speedboats, etc.

"Couriers" earn $10 for each kg of paste they buy. It is estimated they make an average $500 a week.

Working as "couriers" is a common, natural job for many youths in the jungle. According to the Amazon Center for Anthropology and Practical Use (CAAP), in the past few years some 1,500 youths have worked in coca producing zones in San Martin.

The "courier" trade entails risks. Couriers are frequently held up before or after they purchase the drugs. In 1991 more than 80 "couriers" were murdered in Pongo del Caynarachi valley, on the Yurimaguas-Tarapoto highway.

Despite the danger, there is great demand for the post of "courier" because of the good pay. "Couriers" earn more than the peasants who grow coca or produce paste.

Up until some years ago, the vast majority of peasants in coca producing areas planted coca leaves. Today the vast majority produce washed paste.

The price of one kg of coca leaves is $3, and the price of one kg of washed paste is $800.

"Hired Murderers"

"Hired murderers" or "wolves" are essential for the operation of a "firm." They protect the "patron" and the business.

This role can be played by rank-and-file terrorist groups of the Shining Path or the MRTA [Tupac Amaru Revolutionary Movement], which have been increasingly isolated by captures and by the dismantling of subversive organizations. Drug traffickers, however, could easily hire them as "hired murderers" for providing protection.

The same thing can happen with some peasant self-defense patrols, as has been recently reported by "Commander Huayhuaco," a former peasant patrol chief in the Apurimac valley.

Accountants

Also indispensable are those who keep the books of the organization, and the radio operators who contact the pilots of light planes. Each one of them is said to earn more than $5,000 a month.

"Firms" also have a chemical supply network and a dollar laundering network.

Beyond all doubt, the entrepreneurial structure, the economic power, and the impunity with which they operate have allowed these organizations to grow in number and expand their influence.

Minister Camet Explains Draft 1994 Budget to Congress

PY2409162893 Lima EL COMERCIO in Spanish 15 Sep 93 p A5

[Text] Economy Minister Jorge Camet Dickmann yesterday stated that "the 1994 budget will promote foreign investments, create new job opportunities, and normalize the foreign debt in order to fully reinsert the country [into the international community], among other objectives."

In explaining the macroeconomic projections of the 1994 budget to the Budget Commission of the Democratic Constituent Congress, the minister said that the budget seeks to promote public investments in the infrastructure area in order to contribute to the country's growth.

The budget is also designed to step up state reform in the education, health, and social security areas.

In referring to the income for the 1994 budget, he said it amounts to 14.5 percent of the GDP, which includes tax collection and other resources.

As for the Treasury's resources, Camet said they amount to approximately 84 percent of total expenditures, while the overall current income in tax collection and other resources represents 9.2 percent.

The minister explained that current expenditures represent 8.2 percent of GDP; capital expenditures, an item on which great efforts are being made this year, represent 3.1 percent of the GDP. This represents a 1.8-percent increase compared to 1993.

Camet also stated that investments will be focused namely on infrastructure, largely on the construction of highways and roads in the extremely poor regions.

The minister commented: "It will also be focused on projects for generating electricity and the establishment of energy transmission lines; the national program for account management and soil preservation; the national potable water program; and on investments in regional governments and decentralized public institutions."

Referring to the estimated growth in some fields for next year, the minister said that it is estimated that the agricultural field will grow 3.4 percent, and the construction field 8.2 percent.

He added that it is estimated that the mining sector will grow 4 percent; the fishing sector 6 percent; and the energy sector 5 percent, among others.

Jorge Camet also answered many questions from legislators from various political parties, the members of the Budget Commission, explaining points of the 1994 budget as well as this year's budget.

Referring to payments on the foreign debt, Camet said that for the past few months some $60 million has been disbursed, per month, to this purpose.

In this regard Finance Vice Minister Alfredo Jailili said that during this year, and up to this month, approximately $550 million had been earmarked to service the debt.

Jailili explained that only $140 million of that total had been covered with fiscal income. "The rest was covered with foreign loans," he added.

As for charging taxes on street vendors, Camet said—after commenting on the efforts being made to pull out of the current crisis the country is enduring—that it is not the current government's policy to collect funds from this sector.

He added, however, "that at some point" the street vendors will have to pay taxes.

He asserted, nevertheless, that strict controls on medium and large enterprises will be maintained.

He commented that the budget will namely be focused on social areas and programs designed to pacify the country, but without this being to the detriment of other sectors.

Yoshiyama Says GDP Will Increase in 1993

PY2409163693 Lima LA REPUBLICA in Spanish 11 Sep 93 p 17

[Text] CCD [Democratic Constituent Congress] President Jaime Yoshiyama said last night that the modern reforms currently being implemented in Peru and Latin America have done away with "many evils," among which are "government bureaucracy, populist assistance programs, and the corruption that derives from them."

Yoshiyama, who last night closed the 16th Latin American Tax Law Seminar held at the Pardo Hotel in Miraflores district, said that among those evils is also a deficient and unfair taxing system, which has stranded us "in what has been called the lost decade for Latin America."

Yoshiyama added that people overlooked the fact that the taxing system, which results in benefits for the people, is the main tool of modern economies based on free market and free enterprise.

In view of this, he said that the conclusions of the 16th Latin American Tax Law Seminar, which grouped experts from different Latin Ameican countries, will help to improve tax laws. He announced that the CCD will study these conclusions and that they will be taken into account when decisions on tax issues are made.

The CCD president said that the Peruvian Government is currently making a great effort to modernize and streamline the tax system, because it has become an important tool in the economic stability program and is vital in meeting the priority needs of our people.

He explained that Peru is coming out of a serious crisis aggravated by violence. He said, however, that we are overcoming this situation, and that this is shown the inflation rate being curbed and the recession halted. In this regard he announced that the GDP [gross domestic product] will grow by 5 percent this year. He added that the privatization schedule of public companies, which caused losses of up to $10 million per day and represented 25 percent of the Peruvian foreign debt, is being fulfilled.

Yoshiyama said that all these and other reforms are encompassed in the new constitution which will be subjected to a referendum. He stated that the new constitution seeks to lead Peru to a stable democracy, and a modern and efficient economy based on free enterprise, which will be the key to achieving development.

During a brief explanation of the chapter on the economic regime of the new constitution, Yoshiyama said that it will grant equal rights and treatment to national

and foreign investors. He said that the new constitution scrupulously upholds the right to private property, and private and state contracts.

These laws are evidence that Peru promotes national and foreign private investments which in turn generates trust, security, and stability.

He added that "the reforms encompassed in the constitution, and the peace that Peru is achieving in its victorious fight against terrorism, will undoubtedly result in great investments in Peru, and as a result there will be more jobs for Peruvians." In view of all this, he said, Peruvians "have many reasons to look into the future with great optimism."

Luis Hernandez Berenguel, chairman of the Latin American Institute of Tax Law, was in charge of welcoming Yoshiyama and thanking him for attending the closing ceremony. Engineer Yoshiyamam thanked him and all the other participants from several countries for choosing Peru to hold this seminar.

* MRTA, Shining Path 'Second Tier Ringleaders' Sought

93WR0317Z Lima EXPRESO in Spanish 25 Jul 93 pp A15-A17

[Text] Only five of the principal ringleaders of the Shining Path and the Tupac Amaru Revolutionary Movement (MRTA) are still at large, and they are resolutely being sought by the Peruvian security forces, whose offensive action in the last few months has dealt serious blows to terrorism in Peru.

Since the capture of Abimael Guzman Reinoso, alias "Presidente Gonzalo," and 90 percent of the Shining Path's top echelon, and of Victor Alfredo Polay Campos and his "general staff," both terrorist organizations have been in the hands of their second-tier leaders.

The terrorist leaders who were arrested are now serving life sentences in prisons on military bases and in high-security penal institutions.

The countersubversive forces have now deployed their best logistic and intelligence resources to achieve their central aim—the capture of the following second-tier ringleaders:

Oscar Alberto Ramirez Durand

Ramirez Durand occupies the position of head of the "Regional Committee of Central Peru," and he is known by the nicknames "Feliciano," "Angel," "Tito," and "Coco."

He is about 40 years old, and a native of the southern city of Arequipa, where he grew up in a traditional family of professionals and officers of the armed forces and police.

In the 1970's, he graduated from the National University of San Agustin de Arequipa with a bachelor's degree in law and political science.

He is considered responsible for terrorist acts in Cerro de Pasco, Jauja, Tarma, Huanuco, and Huancayo, between 1981 and 1993. Authorities have known of his existence since 11 May 1984, when he met with delegates of the cells of that extremist group in Junin.

He is a former militant of the self-styled Peruvian Communist Party (PCP-Shining Path), and a member of its Permanent Committee and "political bureau."

In a confrontation with security forces, he received a wound that causes him to limp on his right side.

Warrants for his capture and arrest for the crime of terrorism have been issued by the following courts: Second, 23rd, and 42nd Investigating Magistracies of Lima, and the 12th and Second Criminal Courts of Lima.

Edmundo Daniel Cox Beuzeville

Cox Beuzeville also uses the name "Alfredo Foelsier Bastante" and the nickname "Camarada Andres." DINCOTE [Counterterrorism Directorate] investigations identify him as head of the Shining Path terrorist group's "Regional Committee of the South."

He was born in Lima on 3 January 1955 and is a psychologist by profession. He is accused of terrorist attacks in the provinces of Puno and Cusco.

On 8 January 1981, he was captured in Canchis (Cusco). He served a prison term for the crime of terrorism in the Huamanga (Ayacucho), El Fronton (Callao), and Miguel Castro Castro (Canto Grande) prisons. He entered the latter prison on 13 May 1987. On 2 November 1991, taking advantage of the ambiguities and weaknesses of the lenient antiterrorist legislation which preceded the one currently in force, he obtained his release.

Nestor Fortunato Cerpa Cartolini

Following the capture of Polay (10 May 1992), and a decision by the Fourth Plenary Meeting of this seditious group's National Leadership Council held in August of 1992, Cerpa is the new principal leader of the MRTA.

He carries the nickname "Comandante Evaristo" and participated in the assassination of the former minister of defense, General of the Peruvian Army Enrique Lopez Albujar Trint, the kidnapping of businessman Hector Delgado Parker, and the capture of several towns and villages in San Martin, Loreto, and Junin.

In February 1979, he was imprisoned on the charge of having participated in the violent takeover of the Cromotex factory, of which he was the union leader. In the uprising, four workers and one policeman died. He was in prison for 10 months.

Upon his release, he joined the Marxist UDP [Popular Democratic Union] group, which was part of the leftist bloc IU [United Left], as a militant, and rose to positions of leadership.

In 1983, together with Polay, he founded the MRTA.

The principal accusations against Cerpa Cartolini are contained in the counterterrorist police files.

He participated in the 6 May 1985 arson of the Kentucky Fried Chicken establishment located on Benavides Avenue in Miraflores; in the capture of the Julio C. Tello technological institute in Villa El Salvador in May 1985; and in the seizure of the offices of the now defunct newspaper EL NACIONAL on 4 November 1985.

Warrants for his capture and arrest on charges of terrorism, homicide, and other crimes have been issued by the 46th, 36th, 11th, 45th, and 23rd Investigating Magistracies in Lima, and the 13th Criminal Court.

In January 1990, he became leader of the MRTA's so-called Northeastern Column, and on 6 November he led the attack against the locality of Juanjui. He is a member of the MRTA's National Leadership Council.

Miguel Wenceslao Rincon Rincon

Rincon Rincon follows Cerpa Cartolini in the MRTA's hierarchical structure. According to counterterrorist police records, he also took part in the assassination of General Enrique Lopez Albujar (1 September 1990) and the kidnapping of Hector Delgado Parker (10 March 1989).

He was born on 8 May 1951. Underground, he uses the alias "Carlos Novoa Narvaez" to commit his misdeeds and move about.

Being a political activist, he presented himself before the JNE [National Elections Board] on 4 August 1978 as a UDP candidate for the Constituent Assembly.

Before this, he had been secretary general of the JCP [Peruvian Communist Youth], and that position enabled him to visit several countries of the Americas and Europe.

He is one of the founders of the MRTA. Between 2 May and 16 September 1989, he served a prison term in the Canto Grande penitentiary for possession of MIR [Movement of the Revolutionary Left]-MRTA seditious propaganda.

Hugo Pedro Avellaneda Valdez

Avellaneda Valdez, another of the MRTA's principal ringleaders, hides behind the alias "Artemio Robles Pazos" and is known as "Comandante Raul."

He also participated—together with Cerpa, Rincon, and Peter David Cardenas Schulte alias "el siciliano" [the Sicilian], who was sentenced to life imprisonment and has been in prison since last May at the Callao Naval Base—in the assassination of Lopez Albujar and the kidnapping of businessman Delgado Parker.

He comes from the ranks of the now defunct MIR-The Rebel. Because of his knowledge of guerrilla tactics, he was an instructor of MRTA's "militias" in the San Martin department.

He entered the Canto Grande penitentiary on 3 March 1988 after being captured at the Jorge Chavez airport by the Antidrug Brigade of the Customs Guards led by Captain Luis Otoya Moscol. On 22 June 1989, he was released for "lack of evidence."

* MRTA's Status in San Martin Dept. Described

93WR0317Y Lima EL COMERCIO in Spanish 19 Jul 93 p A12

[Unattributed article: "MRTA Collapsing in Alto Huallaga"]

[Text] The clearest example of the MRTA's countrywide debacle is its collapse in the San Martin Department, where for several years the so-called "Northeastern Front" has been active as a force, which, at its peak, consisted of approximately 1,000 men.

Now, decimated by the security forces, only three detachments are left, totaling barely 63 men, many of whom would like to turn themselves in to the authorities following the promulgation of the Law of Repentance, according to statements by former comrades-in-arms who have already abandoned their ranks.

The "Northeastern Front" became the MRTA's backbone at the national level, and began armed actions in 1987 with the capture of Juanjui, which was followed little by little by that of other towns in the Mayo and Huallaga valleys. From that point on, and owing also to the economic strength it acquired through its alliance with the drug traffic, this force became the MRTA's main squadron.

Military sources say that a comparison of MRTA's current level of action with that at the beginning of last year suffices to demonstrate the MRTA's loss of strength.

In January 1992, six detachments and a "special force" (considered also as a detachment) were operative in this department.

This special force, named the "Jairo Tello" group, comprised its "elite force" and was headed by a certain "Renzo."

The other detachments were known as the "Saboya Puerta," "Roger Lopez," "Cumapa Saboya," "Roberto Perez," "Alcides Reategui," and "Carlos Arango" groups. Each had an average of about 100 armed men. Thus, the overall total is estimated to have been around 630 men.

Of these detachments, only three are left now: the "Saboya Puerta," with barely eight men, commanded by a terrorist known as "Valverde"; the "Cumapa Saboya," with 28 members, commanded by "Eloy"; and the "Roberto Perez," with 27 subversives, commanded by "Miguel."

The first of these has its sphere of influence between the provinces of Moyombamba and Rioja; the second, between Huallaga and Juanjui; and the third, between Lamas and El Dorado.

It is to be noted that the "Roberto Perez" group appeared in this region following a desperate MRTA decision, in order to maintain the MRTA's presence in Huallaga. This detachment had been operating in the Cajamarca region before being ordered to move to the Department of San Martin.

Venezuela

Outbreak of Student Demonstrations

PA2409220893 Paris AFP in Spanish 2128 GMT 24 Sep 93

[Text] Valencia, Venezuela, 24 Sep (AFP)—Student demonstrations broke out today in the Venezuelan cities of Valencia and Maracaibo following the death of a university employee yesterday, when a demonstration in Caracas was repressed, according to witnesses.

In Valencia, 100 km west of Caracas, students torched a truck and confronted the police with stones and bottles. It has also been disclosed that in Maracaibo (600 km west of the capital), rioters sacked a soda truck.

The youths demonstrated to protest the violent repression of a demonstration by Venezuelan universities, which are demanding a budget that will allow them to complete this year's activities, during which a youth was killed and approximately 20 students and reporters were wounded. Over a dozen university students were also arrested.

Yesterday's demonstration was the first street disturbance that has occurred since Ramon J. Velasquez was appointed acting president four months ago to replace dismissed President Carlos Andres Perez.

Today, analysts and university leaders predicted that the repression of 23 September's demonstration might unleash a wave of student riots, as happened in 1991 and 1992.

Ministers Justify Stopping Protests

PA2509020493 Caracas Venezolana de Television Network in Spanish 2350 GMT 24 Sep 93

[From "The News" newscast]

[Text] Interior Minister Carlos Delgado Chapellin and Defense Minister Radames Munoz Leon have justified the measures taken to repress the student protest based on information both ministries had that the protest's goal was to alter public order.

According to both ministers, the authorities acted within the law to protect the community. The defense minister explained that prior to the march, the dean of the Central University of Venezuela was asked to sign a document in the prosecutor's office assuming responsibility for any damage, if caused by the march and to pay compensation expenses. The dean refused to sign. Regarding the victim, it was reported that 15 days ago he had returned from Cuba and that he belonged to a subversive 23 January cell. Both ministers agreed that there was no excess on the part of the security forces, while they charged that the students are being used. Here is what Defense Minister Munoz Leon and Interior Minister Delgado Chapellin said:

[Begin recording] [Munoz Leon] This is an irresponsible action toward those young people, toward the nation, and toward the people's security. It is not a guarantee for the normal citizen, who has his small business, to be under permanent anxiety because of these types of incidents.

[Delgado Chapellin] At the very beginning of the demonstration, the police detected a group of political activists as the principal force there. This is absurd. They wanted, behind an apparent university march that was presenting the students' demands, to create disturbances in Caracas. This is why the government took the necessary measures. [end recording]

The ministers regretted that in Venezuela the universities' purpose had been distorted. Instead of planning and researching for our future, the universities have become centers of political activities and for the disturbance of public order.

Presidential Candidate Caldera Interviewed

PA2509213593 Caracas Radio Caracas Television Network in Spanish 0200 GMT 20 Sep 93

[Interview with Rafael Caldera, presidential candidate for the People's Electoral Movement and former Venezuelan president, by Marcel Granier in Caracas; from the "Front Page" program—live]

[Text] [Granier] We have the privilege of talking with former President Rafael Caldera. With this program we are undertaking a new series of interviews with the main presidential candidates. Good evening, Mr. President.

[Caldera] Good evening, Marcel.

[Granier] Mr. President, the seriousness of the country's fiscal situation has insistently been referred to during the past few days by President Ramon J. Velasquez as well as by Central Bank President Ruth de Krivoy. President Velasquez even said that this problem is so serious that it could undermine, one way or another, the tradition of

democracy, stability, and peace our country has experienced during most of this century. In addition, we have received warnings on the inflationary liability this situation may present. This has been pointed out by the Central Bank president.

To complicate the situation even more we have crude oil revenues falling significantly during the past two years, and forecasts for 1994 indicate that revenues will continue to drop. Falling crude oil revenues have been affected by the slowdown experienced in the economies of the developing countries. In addition, the expected worldwide recovery so far has not happened. On the other hand, we have the situation where many of the oil-producing countries are, just like Venezuela, in desperate need of additional revenues. As an example, we can mention Saudi Arabia, Kuwait, Iran, and Iraq; therefore, everything would seem to indicate that crude oil revenues will continue to fall and that our fiscal problems will become more complicated.

In light of this situation, President Velasquez has proposed an all-out national agreement. Would you give us your opinion on Dr. Velasquez' proposal?

[Caldera] First of all, I would like to say that I believe that the fact that the current administration is speaking clearly on the difficult state the country is experiencing is something quite positive. An indispensable condition to solving our serious problems is for the country to be clearly aware of what our problems are. When I insist on the seriousness of the crisis, certain sectors immediately say that I am merely playing up a crisis or that I am playing up a crisis solely for election purposes. What I believe is that we cannot conceal the current situation with a layer of indifference, tolerance, resignation. It is necessary for the country to be well-informed.

If I am elected to lead the next administration, the first thing I would have to do is outline quite clearly our situation and the difficulties we are going to confront. I would have to do this even though I believe the crisis can be overcome. Venezuela has all kinds of resources to overcome the crisis, especially human resources. With respect to the national agreement issue, I would like to say the following:

First, the national agreement can be viewed in two aspects, a national agreement to support the Velasquez administration until the transfer of power. This is the fundamental mission of the Velasquez administration. In principle we all agree on this, and there is a sort of tacit agreement. We all have to agree on what the Velasquez government must do and must not do. It would be quite detrimental for the results of economic problems which originated during the Perez administration to pressure President Velasquez into adopting measures that would tie the hands of the next administration and prevent it from implementing changes to modify the existent situation; therefore, we must clearly agree on this issue.

The second aspect suggested by President Velasquez refers to a national agreement for the next five years. Undoubtedly, the next administration that will govern during the next five years must take steps to ensure a national agreement, especially with the civilian population. It must ensure some kind of consent and unified effort, because we will have to confront problems such as costs, prices, currency valuations, and situations that require the joint effort by all social sectors, such as the business, labor, and financial sector, which is quite powerful.

Now, that national agreement is no doubt running up against clear differences among the candidates' platforms. For the four candidates to renounce their platforms and reach an agreement at President Velasquez' invitation would be very beautiful, but I think it unlikely. For the time being, I want to say something that is very clear: The country would not accept a national agreement that would commit the next administration to maintaining President Perez' economic package for five years.

[Granier] President Velasquez has never suggested such a thing.

[Caldera] He unfortunately stated, and I regret that he made such a statement because I really appreciate him, that the next government must maintain the same economic policy. I wish he would explain that.

[Granier] I understood it differently. I understood him to say that modernization should be maintained. I think there is a big difference between the modernization program and the economic package.

[Caldera] What they refer to as the modernization program is what (Mr. Nuiseim Naim) wrote about in his book about pager tigers and minotaurs, defending Perez' stance.

[Granier] (Naim's) book is as innocent as a child getting ready for his first communion.

[Caldera] Exactly, and that is part of a strategy to tell the world that Perez fell because privileged sectors lost their perks with his policy so they decided to get rid of him. The book says the corruption charges are false, that Perez did a fine job and protected the low-income and middle classes and all that stuff.

[Granier] I think Perez' downfall came about for exactly the opposite reason.

[Caldera] They use the word modernization.

[Granier] I think Perez fell because he sought to implement a political and financial program that gave more privileges to his friends, who had already accumulated lots of privileges during very corrupt governments we have had, since Perez' was not the only corrupt administration, and because he failed to democratize and open up the country.

[Caldera] We agree on that, but that is not how the story is told. That is why I would like to have a clearer definition of President Velasquez' idea and what he means. He must continue a policy described with a very attractive word, because all of us support modernization, and it would seem that it comes....[pauses] It is obvious that President Velasquez has the best intentions. He is a respectable, cordial, and honorable man and must be convinced that his duty is to lead the country to 2 February. On that date, he will hand over to the new president elected by the country a very difficult situation, which he is trying to resolve in some manner. Now, to point this course in a way that can be interpreted based on the views of the people around him....[pauses] I personally appreciate the coordination and planning minister, but I think he is trying to continue President Perez' economic policy. We must certainly face these things. What will happen to the country if we do not? We will be deceived again.

A ceremony was held in the Federal Capitol's Oval Hall, that was a disservice to that historic place which has been the setting for momentous occasions throughout the country's life. The political parties signed a number of things, and you are the first to say it was a sham. To hold another ceremony like that without clearly establishing the aspects upon which we all must agree would undoubtedly be very dangerous.

[Granier] In President Velasquez' proposal and statement to editors, I felt that his main concern was that the next Congress could be too polarized and that therefore it might be difficult for the president to obtain a consensus to implement very important measures. He believes, and I share his opinion, that sacrifices have to be made for the good of the country. It will not be easy. Economic prospects for the next three years are not very encouraging, due to the oil problem, the budget deficit, the cost of decentralization, the need to improve public service, and the horrible burden of the foreign debt given the terms under which it was refinanced. Therefore, the next president will have to seek a consensus on a number of important issues. This does not seem very easy.

[Caldera] Well, Marcel, first I must say that you are better informed than I. On the topic of a national agreement I only know what I have read in the newspapers. No one in the government has been kind enough to brief me on the government's position on the subject. Frankly, if the Venezuelan people elect me president of the republic, I do not want to assume my duties with my hands tied. It is not, as some people say, that I want to implement drastic changes or undo everyting. I know I will be very restrained by various commitments and positions that are virtually irreversible.

I do feel, however, that the people's will is that we should make a great effort to revise various aspects of economic policy that have done great damage and are threatening to do even more damage. The country is really on the brink of an explosion which will be unbearable. We're having a really hard time establishing a just system, real salary and real income are falling every day, taxes are higher, the social burden on social sectors... [pauses] In this regard, I would like things to be said clearly. Also, we know that political groups are quick to sign agreements and just as quick to disregard them.

[Granier] The Punto Fijo Pact was observed.

[Caldera] That was because a man named Romulo Betancourt and I made a point of upholding it. We had to face many difficulties within our own parties. There were many times when opinion was against us, but we knew that we had to stick to that pact during the early stages of Venezuelan democracy. We managed to do this. But can we today be sure that parties, that the people who will sign a national agreement as representatives of various groups are staunchly committed to respecting that agreement? Can we trust them, Marcel? Can we trust those leaders who will sign the agreement, who have already said they will sign what President Velasquez has described as a national agreement? Although they have said they are willing to sign, can we trust them? Based on their past actions, can we be sure they will comply? I believe the agreement must be drafted with care, effort, and patriotism at the beginning of this new era as the country faces a new situation.

I will take advantage of this opportunity to mention something that worries me. My adversaries have circulated rumors which have reached the international media, where they have influence because of previous ties. THE WALL STREET JOURNAL, THE NEW YORK TIMES, and THE ECONOMIST have published reports that a man named Rafael Caldera, a presidential candidate, will destroy the Venezuelan economy, shut off investments, and adopt catastrophic measures if he wins the presidential elections.

[Granier] What's your reaction to all this?

[Caldera] I would like to know what investors think. Any foreign or local investor who reads those reports and is convinced that if Caldera wins an economic catastrophe will ensue, and that Caldera has a good chance of winning the election, will not invest. Therefore, this is antipatriotic campaign. The people behind those reports are those who are deterring investments. They are trying to hurt me because of their sectarial and group interests. They are really not hurting me because this really has no effect inside Venezuela. It does, however, create... [pauses] I have met with investors who have asked about my position on foreign investment. I have told them: Gentlemen, it's very simple. I was the Venezuelan president for five years. You just have to look back and see what I did during those five years. I am older now and therefore am even more responsible.

My interest is the country. This isn't a horse race, where we're all waiting for the starting gate to go up to see who can win by a nose. No. I am struggling for Venezuela. I believe the country is experiencing a very difficult and serious situation. In a way I am pleased that the current government is stating clearly that what we are going to

inherit is a complicated puzzle, with all the pieces in disarray, and that a lot of patience, seriousness, and energy are required to solve it. Tremendous effort is required not only for economic problems but also for problems of ensuring public safety. We must adopt a firm position on corruption. The economic problem needs to be reviewed with common sense and without prejudice, without exaggerated dogmatism, taking into account the national reality and what steps would be most effective. These are very serious problems.

For instance, you have been a champion in the foreign debt struggle. The problem of the foreign debt is important. When you and I say that this needs to be changed, many people put their hands up to the sides of their faces and say: Oh, no! They are going to mess with this; they are going to isolate us from the world of international finance. That is why I was very pleased when I received a document from the International Monetary Fund a few days ago. Dated 30 April 1993, it was a statement on social problems. At the end of one paragraph it says: It is necessary that the international community support these initiatives, those of a social nature, lending financial and technical assistance, including the alleviation of debt to the extent necessary. The IMF recognizes that easing the debt burden may be necessary. When one says here that it is necessary to confront that problem, then the leaders of the former Perez government say: How is this man going to meddle in the foreign debt problem? They are going to sacrifice us. What happened to Alan Garcia is going to happen to us. Alan Garcia, who had strong reasons for doing what he did, made the mistake of announcing the bank nationalization simultaneously with the launch of his candidacy. This did him a lot of harm.

Marcel, I think that in light of the situation, one must request a certain freedom to act in order to be able to respond to the people's will, to what they want. The people want the government to help solve their problems, ease their situation, and tackle their difficulties. For instance, this serious problem of public security calls for an analysis of the entire security corps structure. These corps must be purged. I said some time ago that the security corps was riddled with criminals. It has been proven time and again that a lot of the violence in this country originates with the security corps. We must have a plan to disarm the people. Anyone who owns a gun must have it registered, keep it at home, and be held responsible for it. I remember and believe that one of the most positive things that the Gomez government [Juan Vicente Gomez, dictator of Venezuela 1908-35] did was to establish a strict disarmament policy. It requires a lot of willpower, strength, and patriotism. The security corps must have the proper equipment. A lot of now wasted funds must be redirected toward this objective.

Each of these things is essential. These are not issues to be decided at a meeting in the Coat of Arms Room or in the Oval Hall, or in a room at Miraflores Palace, where those present sign a document committing themselves to do something. The country is tired of these opera-like ceremonies that come to nothing in the long run.

I understand the good intentions of President Velasquez. I think they are very good and I praise him. I believe he is making the most of the current situation. But the situation has to be cleared up in a fundamental manner. We must commit ourselves to struggle with the problem of foreign debt. We must commit ourselves to an in-depth review of economic policy. We must commit ourselves to support for strong public safty program and to unyielding actions in the struggle against corruption. If we can achieve these things now, all the better. If not, the president who takes office on 2 February 1994 must do so.

[Granier] Is this your platform? [video cuts to thee minutes of commercial advertisements] Continuing our conversation with President Caldera, you mentioned several interesting issues that should be explored further. I am going to focus on those issues that I feel are most important because they affect national sovereignty. These are border security and foreign debt, both of which you have mentioned.

Venezuelans have spent a century whining about the arbitrator's ruling on the Colombian and Guayana Essequibo border issues. We regret what happened and have attempted to correct these mistakes, despite the fact that in both cases international courts in which we had placed our trust issued the said rulings. We may have been wrong in bringing this matter before these courts, but that's what they decided.

In the last few years, we have looked more at the debt and the border protection issues, both of which have a direct impact on us. This indeed affects our sovereignty more decisively and seriously than rulings on the Colombian and Essequibo borders. We now have a different attitude from that we assumed when referring to century-old problems.

On the debt issue, the number of irregularities and anomalies committed during both periods when we were negotiating the refinancing of the loans, both 1986 and 1989, and when documents were being kept secret... [pauses] Reviewing my correspondence the other day, I found several letters that I sent to then-Finance Minister Dr. (Aspurba) and then-Congress President Dr. Leandro Mora, asking them to send me the final text of the agreement. I sent more than 10 letters to each of them. These letters have the notations I made on them after my conversations with the secretaries of the aforesaid officials, who advised me not to insist because they would not send me anything. They were both very nice.

The documents on debt handling were kept secret and the country for the most part put up with this. A great deal of information has been concealed. In this regard, what you said is very important. We must thank and recognize President Velasquez and his government for telling the country the truth about who were robbed, abused, and humiliated and how information on the oil

was kept secret. We still do not know what happened to Venezuela's gold. Some people say the gold was taken out of Venezuela; others say the gold was offered as security for loans. What is really going on has not yet been explained to the country.

Regarding the border issue, the situation is the same. We see how in the last 10 years the governments have received millions of bolivares in the secret budget allotment earmarked for the Venezuelan state's security and defense expenditures. However, we see how the Armed Forces have not had the necessary resources to purchase weapons, build border posts, maintain these posts, and man border areas.

We see how the plan to conquer the southern region of our country, I would like to know your opinion on this, has fallen by the wayside. In fact, the secret funds have been used for wrongful purposes. This money was openly taken; it was stolen. That money was there to defend sovereignty. These people now talk a lot about what they did for Venezuela. But when they had an opportunity to do something for the country, like refinancing the debt, for instance, they did it more treacherously than the way in which border rulings were issued in the last century. When they had an opportunity to use the secret funds to protect our borders and sovereignty, they stole the money and bought jeeps. In some instances, they bought dollars at preferential rates to sell them later at four times their value in the free market. They did these things time and time again. This is a horrible thing.

[Caldera] Marcel, everything that has happened is terrible. We have lost the sense of what belongs to us and the desire to defend it. You mentioned the oil issue. Venezuela's leadership role in OPEC was lost. We played an important role in helping oil prices recover and were respected within OPEC. We are now just another member on which the conditions of others are imposed.

Regarding what I called the conquest of the south, some criticize this terminology because they say it invokes the image of the conquest of the West in the United States where buffaloes and Indians were killed and forests were destroyed, I was referring to a peaceful conquest. Maybe we should call it Venezuela's presence in the south or sustainable development, as the United Nations say, of the south.

I brought this along because I suspected you were going to raise this question given the recent massacre of the Yanomami Indians. This is an atlas we did on the conquest of the south. It depicts all important aspects, including climate, minerals, water resources, demographic conditions, and existing population. It is a program aimed at making Venezuelans realize that this half of the country belongs to us. It can no longer be an abandoned region.

I warned against the arrival of Brazilian gold prospectors. I began my last electoral campaign in San Simon del Cocuy with some youngsters. There, I told Venezuela: Gentlemen, here is Venezuela. From here, we are appealing to you to develop this area. The distance separating San Simon del Cocuy and Puerto Ayacucho is greater than that between Puerto Ayacucho and Caracas.

The massacre and genocide, as Brazilian Attorney General Junqueira called it, is a heinous thing. It occurred three months ago. The distance from Brasilia to the source of the Orinoco River is three times greater than the distance between Caracas and the source of the Orinoco. Well, Brazilian authorities traveled to the area. The Brazilian justice minister undertook an investigation. He told me in Brasilia that he, as a Brazilian official, apologized for the unwitting invasion of Venezuelan territory. He arrived on the scene and began an investigation. Later, cartographers informed him that the site was in fact Venezuelan territory.

We have learned from the Brazilian press and Government about this situation. This is a shameful situation. I asked President Perez and his defense ministers, I asked the government of President Herrera to bring back my program to develop the south. If there were things wrong with it, they should have been corrected. They should have reported what happened and informed the country. But this program was cut off in an almost criminal manner. I cannot describe it any differently.

[Granier] There is no other way to describe it.

[Caldera] This is terrible.

[Granier] I remember the last time I was in San Simon del Cocuy, people said that nothing had been done there since you ordered construction of the runway.

[Caldera] Well, they later abandoned it. The priest in San Juan de Manapiare told me that since my departure from government, nothing has been done to help them. During my recent trip to Brasilia, I told the Brazilian president: President, I want you to authorize me to tell the Venezuelan people that your government is going to prosecute and punish those Brazilian citizens who committed this murder in Venezuelan territory. We cannot ask that they be extradited because no country allows the extradition of its own nationals, but we can ask him to try and punish those responsible, thus making an example of them.

Well, the Brazilian Government has invited the Venezuelan Government to establish a joint mechanism to protect the border and the land. President Itamar Franco just appointed a special minister for the Amazonia, who was until recently ambassador to Washington. This distinguished Brazilian politician was tasked with this responsibility.

Meanwhile, we say here that there is no money for that, but there is money for other things. We must take care of our natural resources and our Indians, who must have the opportunity for a better life. They must be allowed to preserve their traditions and language, while learning Spanish so that they may communicate with others. But the policy of allowing the Indians to continue living

abandoned, without enough food, and exposed to many adversities cannot continue. Let us give them the chance to enjoy benefits other Venezuelans have.

Everything has been like that, Marcel. Public services have been abandoned. Mr. Torres, when he was minister of the Venezuelan Investment Fund, told me the Caracas aqueduct was in such a shape that it could run out of water at any time. How is it possible? It happened just when the country was receiving the most money, when oil prices were considerably high. I asked an excellent economist working for Venezuelan Petroleum [Petroven] to do a correct estimate on how much oil revenues the Venezuelan state collected during my administration. All we received was $0.80 per barrel. That was all we were paid. The price later increased to $14 per barrel; the oil industry was nationalized, and now there is no money for anything. The government is letting everything erode, and things are being stolen, as you said. It is really a drama that deeply disturbs us.

[Granier] What happened in Venezuela? It was a country that was moving on the right path. It was developing in a well-balanced manner, where problems were being resolved little by little, where there was an awareness of the nation, its territory, its people. What happened? When did we go crazy? When did we incur this debt of $30 billion? Why did we give away $8 billion? We gave away $8 billion. The Guayana corporations began losing money like crazy to the tune of $1 billion per year, $5 billion per year, $20 billion per year, $40 billion per year. When did our governments go crazy?

After the fall of the Perez Jimenez government, which was primarily due to the fiscal deficit as Dr. Velasquez mentioned, Venezuela entered a process to consolidate its democracy and economic growth. It lasted 15 years.

In October 1973, after the Yom Kippur War, oil prices skyrocketed, as you say, and the Venezuelan state began receiving four, five, and 10 times more than what it used to get for its oil. People thought the only thing that Venezuela needed was beginning to fall from the sky. They thought we would have a paradise in our own territory. What happened?

[Caldera] Look Marcel, (Iesa) published a book once called *The Venezuelan Case, An Illusion of Harmony,* in which Moises Naim made a note of what his economic policies during the government of President Perez would be. The book is very interesting, by the way, because it illustrates what you have just said. There was a sustained growth of the country's economy in all areas, even in the area of agriculture, which some have said was a step backward in the country's agriculture production, but it is not true. There is a series of excellent studies showing favorable statistics. I told him you should publish another book with the title The Venezuela Case, An Illusion of Riches. That is just what happened to us. That was an illusion of wealth. We felt like that poor man who wins the Christmas lottery. He feels he is the richest man alive and begins throwing away his money, getting into all kinds of debts, and do crazy things. When he runs out of money he sees himself full of debts and is in fact poorer than when he won the lottery ticket.

[Granier] Excuse me for interrupting. I recently read a study done on 40 people who had won the million-dollar lottery in the United States. Of those 40 people who had won several millions of dollars in the lottery, only one was better off than the day he won the lottery. The other 39 were worse off.

[Caldera] That is precisely the case of Venezuela. We all became crazy, starting with the president. He started giving away left and right. Venezuela gave Bolivia a ship to show that we wanted them to have access to the sea. I went to Bolivia shortly after the Perez government had reached the end, and they asked me to ask the Venezuelan Government what it had offered, the road between Cochabamba and La Paz, the streets of Chuquisaca, the cafeteria at the university in La Paz, and other incredible things. By the way, I was sad to hear recently that the Bolivian Government would not support the candidacy of Miguel Angel Burelli as OAS secretary but will support Bernd Niehaus, the Costa Rican candidate.

And I say, Oh heck. Some think, I hope this is not true, that Carlos Andres Perez has been calling his friends in all of the Latin American countries from the presidential building to tell them not to vote for Burelli, because he was his enemy.

[Granier] In addition, Bolivia is a fellow member country of the Andean Pact, a country created by the liberator.

[Caldera] How can it be explained that Bolivia would rather vote for the former Costa Rican foreign minister, against whom I have nothing personal, instead of voting for the Venezuelan candidate? Money by the handful began to be distributed; everything imaginable was done; legislation was passed writing off the agricultural loans, thus permitting the scoundrels to remain solvent.

[Granier] That was truly incredible.

[Caldera] For the first time, a salary raise, which no one had demanded, was established by decree. Bureaucracy was increased considerably and we incurred debts at a time when there was the least justification to become further indebted. On top of all that, corruption spread. I do not mean there has not been corruption in Venezuela. The struggle for democracy is the struggle against the corruption of dictatorships. It would be difficult to prove there were not some cases of corruption, which there were, but corruption became widespread to all strata of the society, thus becoming a general condition.

It also happened that, with the Iran-Iraq war, there was a new rise in oil prices. Technicians, including Minister Calderon Berti, who was one of the OPEC members, and all OPEC ministers made the biggest mistake, which had the direst consequences. They believed that the price rise was permanent. They made calculations based on a $30

price per barrel of oil. Even the charts indicated that the price would reach $40 or $50 per barrel. So the entire economy was planned around this mistaken concept. When the oil prices came down as the result of various circumstances, we met with an almost irremediable situation. Now, the oil price drop presupposes that Venezuela must make an effort again so that OPEC can do its part, which is not to sell more oil but to sell it at a more reasonable and fair price, although with a number of adverse factors, but that must be faced.

Asdrubal Batista and Julio Sosa have been proposing the idea that oil should not only be burned for fuel but that it should be used as a raw material for a number of industries that can offer a greater number of jobs and greater benefit for the Venezuelan state and people. What happened is truly indescribable. We are living in poverty due to the alleged wealth we acquired. You just agreed with me on the illustration of the 40 million-dollar lottery winners. The administration's lack of sensitivity has inflicted a truly serious damage on the country.

[Granier] You just mentioned oil. I have been concerned over Batista's remarks against the Cristobal Colon project. What are your objections to this project?

[Caldera] I did not want to oppose or campaign against the approval of this project, because I could have been misinterpreted. The people in Sucre state are under a delusion. They have imagined that money will flow and there will be plenty of jobs once the project is approved. Someone said there will be thousands and thousands of jobs and that thousands upon thousands of dollars will flow. This could become a new fraud against the public and national awareness, but this is the idea that people have. To remove it or oppose it could appear as detracting from one of Venezuela's most impoverished states the hope that its situation could improve. On the other hand, it could be said: Here is proof that if Caldera wins the elections his government would oppose investment by and the participation of foreign capital in the exploitation of our natural resources.

There are, however, a number of objectionable issues in that treaty. One of them, as Asdrubal clearly and vigorously pointed out, is the sovereignty issue, which to a certain extent constitutes a reversal of President Medina's 1943 law which maintained the principle of national court jurisdiction over affairs involving Venezuelan interests. In addition, there are a number of points that involve long-term commitments to conditions and taxes that cannot be modified. If a favorable situation were to emerge, such as that which began in 1974, Venezuela's hands would be tied and it would be unable to accomplish anything.

Of course, I am under the impression that the agreement is with North Americans, English-speaking Netherlanders, and the Japanese. However, participation by the Japanese is purely symbolical.

[Granier] Nine percent?

[Caldera] Nine percent.

[Granier] I think it is nine, right?

[Caldera] A very low percentage, especially [words indistinct].

[Granier] Exxon and Shell are the larger participants.

[Caldera] Exxon and Shell are traditional multinational companies with which we should maintain good but cautious relations, because they have many interests in various parts of the world. Their interests in some other part of the hemisphere or somewhere beyond the Atlantic could prevail at any time over their interests as partners in an operation like this.

[Granier] But that would be the case with any of the leading oil companies that are capable of investing in a project like this, which requires several million dollars. They have interests in many parts of the world. I would even say that Exxon and Shell are the best, because at least we know they are private companies that do not respond directly to the interests of a state or political party. In Italy, Spain, and France, where oil companies are state-owned, just like in Venezuela, they respond not necessarily to the state's interests but to the interests of the government, ruling party, or head of state.

[Caldera] That is exactly the problem. In the late sixties and early seventies, these companies were taking all of Venezuela's equipment and even its manpower to Libya because King Idris opened his doors to them. In a way it was Colonel al-Qadhdhafi who did us the favor of ending the specter of Libya, because we were always being told to look at Libya, see yourselves in Libya. Fortunately for us, I cannot defend other aspects of al-Qadhdhafi's regime, his revolution removed that specter.

[Granier] Are you saying that just as the oil companies should have a bust of President Perez in recognition of what he did for them, and the IMF should have a bust of President Lusinchi to acknowledge all he did for them, Venezuelans should have a plaza with a bust of al-Qadhdhafi because of what he did for us?

[Caldera] I said it. On one occasion I spent a week attending a conference of Christians and Muslims in Tripoli, Libya. It was a very solemn affair held in a theater. There were 12 Catholic theologians headed by Cardinal Pinedo, and 12 Muslim theologians headed by al-Qadhdhafi. At the end they allowed me to say a few words as an observer, and I said: I do not want to judge the al- Qadhdhafi revolution, but I must say that one of the best days I have spent as president of Venezuela was when al-Qadhdhafi carried out his revolution in Libya, because we were up to here with that specter.

Why do I say that? Because companies go where they receive the best benefits to the detriment of those areas where they do not get the same level of benefits. The case of the refineries in Aruba in Curacao was impressive.

The Aruba refinery suddenly stopped producing what it was expected to produce and it was shut down. The people who lived there went crazy looking for tourism and other resources to survive. Later the Curacao refinery was also shut down or they were going to shut it down. At that time the Venezuelan Government, in a gesture of solidarity, went to that West Indies neighbor to take charge of the refinery. But they had no interest in this and at any given moment they could decide to shut down the refinery.

Nevertheless, for Venezuela, petroleum and gas are a fundamental asset. It is true. Many times I have said that we should make more use of gas. We should use it as a fuel because that is more in line with environmental protection and because it would allow us to increase the quota of liquid fuel we export. That, of course, is an idea, and there have been interesting initiatives. Some vehicles, taxis, and buses run on gas. It could also be used more often as cooking gas. Given the high cost of electricity, it would undoubtedly be a great advantage. But I have definitely not opposed the approval of the Cristobal Colon project. We will see what happens. The nation and the companies have a two-year margin to see how it works out and to decide whether to continue.

[Granier] Your candidacy has been picking up as the electoral process progresses. People have been saying for quite some time, since that famous 4 February speech, that you had reached your peak back then. Well, you have been on the rise for two years and you are still rising. That has confused the people who have traditionally supported Copei. When the electoral process was initiated, all the people....[pauses] This is important because Copei appears at the top of the polls as the party with the most support. At that time the Copei members supported Eduardo Fernandez, but as your candidacy has been picking up, many Copei members are wondering who they should support. The disintegration of Fernandez' candidacy helped you a great deal, because many of them definitely support you. There is an impression that Copei is divided equally between you. That does not take into account your force with the coalition and El Chiripero [cockroach leader; reference to chiripa, a small cockroach: term used to identify small opposition parties that support Caldera], as your friend [name indistinct] called you. What are you going to do with those Copei members? What strategy will you take with that large group of people who feel that Copei deserves a chance and is in a position to give the nation a solution to its problems and who are undecided between your candidacy and that of Osvaldo Alvarez Paz?

[Caldera] The truth is that El Chiripero is gaining ground more and more each day....

[Granier, interrupting] Yes, that is very true....

[Caldera, interrupting] There is no Baygon or Shelltox [insecticides] to get rid of him. [chuckles] One can feel the people's support. Those who support Copei's official candidate, because they represent the party, identify me as the candidate of the Movement Toward Socialism [MAS] and of the left wing, like I have betrayed the party. Well, that is a very interesting strategy because it has been adapted to the circumstances. Osvaldo turned out to be the 25 April candidate during his presentation at Caracas Plaza. Copei was practically invisible there and the 25 April independent group was present. They then realized that this did not represent anything, nor did it mobilize the masses. Copei support continues for those with have always been, pardon me for saying this, and continue to be the most faithful representatives of the Social Christian ideology. Suddenly Copei symbols and green start to appear. People start saying that the party has a commitment to vote for the party candidate. It is curious that on the list of the candidate's strategic advisers are a number of people, whom you and I know very well, who have never been Copei members, nor do they have any links to Christian democracy.

Their current proposal is the same as in the beginning. There is talk of a large national agreement. The true national agreement for the next period will emerge from the national convergence. In this national convergence there is a series of groups of various tendencies, of various origins who are competing. There is a MAS campaign in the streets, which I have had no reason to obstruct. They are saying: If you want Caldera to win, vote orange, vote for the MAS. That is perfectly natural. We are now seeing tricolored banners on different walls, which read: "Your ticket is this: yellow, green, and red." That is the ticket of the so-called national convergence. It is the opportunity for those, who for one reason or the other do not want to vote orange, yellow, or any other ticket of the groups that support me, to vote for me.

There are rather curious things going on in this. You may have heard Juvencio Pulgar say on television and the media that it has been a bad business for the MAS to support me. He keeps saying the MAS is in a secondary position. He said the candidate leans to the national convergence ticket. He is saying a series of things that are not true, but in a way they are. The MAS does not prevail in the national convergence, but it is an important force. The other groups are also important. Their campaign is to strip me of my support from the Copei members, who feel that what I am saying is what they are convinced of inside. They feel I am expressing precisely what the Christian Democrats have to do at this time. The propaganda costume they are trying to put on the Copei candidate cannot take away the idea that economic concepts separated us from them. The candidate had been behind the neoliberal economic package of Carlos Andres Perez. I, since Carlos Andres Perez' first day in office, objected to that program.

There is a very interesting thing. They say Caldera is the candidate of the polls. He looks where surveys are going and follows them, but it is the other way around. The surveys have responded to a position. I attacked Carlos Andres Perez' economic policies on 1 March 1989, before Perez's government had been in power for a month. I told him: President you have intelligent and

well educated economic advisers, but who do not feel and know about the national reality. They will probably return to their universities or back to their international organizations. Remember [name indistinct] who is at the IMF, Moises is at the World Bank, Miguelito Rodriguez is also there. They have gone back to their international organizations. I told him you and your party will have to answer to the country for the consequences of this policy. Take a look at the situation. I said it at a time in which I was saying we could not put Perez' government against the wall. I said we cannot put AD against the wall because the country's situation was difficult. I asked him to review that.

One of Perez's ministers, who had visited me to explain the program and to which I had made objections, told me that if this fails we will have to go. I answered him: We are not going anywhere. They will go, but we are Venezuelans and we have to take care of this country, which belongs to our sons and our grandsons. They are now trying to strip Copei voters from the sympathy they feel for me, apparently with poor results so far. Their campaign is moving in that direction. They are saying Caldera is a traitor, Caldera abandoned his party, and Caldera removed himself from the party. I believe, however, that Caldera is trying to save the image of a Christian Democracy that is deeply committed to social justice, to the defense of workers, and to the defense of the people. I do not believe they are going to be successful, but evidently they are moving in that direction.

Congress slates. Much has been said to present joint slates. We hope there could be one slate in each electoral district. It is difficult to do within a single party. It is not only difficult, but inconvenient. It is good for the people to choose their candidate, all of whom may be committed to supporting a presidential candidacy and a national project. In some areas we are running as part of a slate, in some areas Copei voters may say they are going to vote for MAS candidate or [word indistinct]. The MAS voters may want to vote for a Copei candidate or for an independent. In the end, the people should have the freedom to choose their representatives, but I believe the people's vote will be definitive.

They say differences are small. Up until now polls show differences are not so small. At any rate, my duty is twofold. In the electoral campaign I am not going to engage in propaganda activities for any of the tickets that support me. Each one of the groups will come up with their own propaganda. MAS may say vote orange, the other may say vote yellow, and the national convergence may say vote tricolor. I will not make propaganda for any one of those tickets, but will ask the country to support me. When the elections are over, if the people place their trust in me, I would call for national unity. I would call for national convergence. I would even try to give opportunities to those who oppose me in a common effort to immediately reform the Constitution and take a series of measures.

For example, Marcel there is a law that allows the construction of public works through the system of concessions, but this law has a series of obstructions that were put there precisely to try to prevent the Luis Herrera administration from applying it. I believe we have to reach a concrete agreement immediately to modify that law and open the road. If the state does not have money for the public works, we are going to immediately resort to that system that has been successful in Mexico. It was very successful in Mexico. You have a vital, urgent problem in your hands.... [pauses] the alternate access to the coast. That cannot wait any longer. Caracas is in danger because that problem has not been solved. The State has no money to do it, but if the law opens up the possibilities for doing it, with a concession we would deal with the problem quickly. It is a problem that is urgently waiting to be resolved. I believe these things can be done. I am optimistic. I am hopeful, I believe in my country. My country has been able to overcome difficult situations in an almost miraculous way. Let us see if we can join in all capabilities so that we can come out ahead.

[Granier] Thank you for your visit to Radio Caracas Television.

Bulgarian PM Meets President, Foreign Minister

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[Text] Caracas, September 24 (BTA)—Venezuelan President Ramon Jose Velasquez received Deputy Prime Minister Valentin Karabashev, who arrived in Venezuela yesterday as head of a Bulgarian Government delegation. Mr. Ramon Velasquez showed marked interest in the possibilities for encouraging trade and commercial exchange between Bulgaria and Venezuela. He promised to assist the implementation of the contracts between Pharmachim and the Venezuelan Ministry of Health Care for the delivery of Bulgarian medicines as well as the setting up of a Bulgarian-Venezuelan joint venture in the production of medicines. The two sides discussed the possibilities for speeding up the contract on the exchange of iron ore for specialized railway cars, for the export of oil and aluminium to Bulgaria, and for sending highly qualified Bulgarian specialists to work in Venezuela.

At the meeting between Mr. Karabashev and Venezuelan Foreign Minister Fernando Ochoa Antich, it was pointed out that it is necessary to hold a meeting of the Bulgarian Venezuelan Joint Commission.

The delegation and representatives of the Bulgarian Neftochim Refinery and other interested Bulgarian companies were received by the president of the Venezuela Petroleum Company Dr. Costalo Roosen. Meetings were also held with representatives of the Orinoco Petroleum Company, from which Bulgaria is expecting deliveries of heavy crude for the production of oils and other oil derivatives, as well as representatives of the Venezuelan holding.

The delegation ended its visit to Caracas with a meeting with the Venezuelan minister of agriculture. With its meetings in Caracas the Bulgarian Governmental delegation completed its tour of three Latin American countries—Brazil, Argentina and Venezuela.

Guyana

Jagan: 8-Percent Growth in First Semester of 1993

FL2409215993 Bridgetown CANA in English 1947 GMT 24 Sep 93

[Text] Basseterre, St. Kitts, Sept 24, CANA—Guyana's president, Dr. Cheddi Jagan, says he's generally satisfied with the progress made by his near year-old administration. Jagan made the remark in an interview aired on state-owned ZIZ television this week. Jagan was among Caribbean Community leaders who visited St. Kitts and Nevis this week for celebrations marking the country's tenth independence anniversary.

Jagan said his people's Progressive Party/Civic Administration had made some strides, due partly to "the confidence which the people have in us and the goodwill of not only Guyanese people at home but those overseas and people generally, other governments and international institutions." He explained: "All of them have been helping to get us out of the quagmire that the last administration had placed the country in."

On successes, he said: "We have an eight per cent growth earmarked for the first half of this year. Rice production increased by 23 per cent. Bauxite and mining, which were down, are increasing at a rate of about 50 per cent, all in the first half of this year." The Guyanese leader also noted that gold production made a leap of 300 per cent. More importantly, he said, "we have had an inflation rate reduced by 5 to 6 percent."

Jagan said that because of this healthy position his administration had been able to increase salaries and wages overall by about 20 per cent. "We were also able to raise the threshold for the non-payment of income tax, reduce the means test for old age pensioners and did not agree to increase electricity rates to 50 per cent as we were being pressed to do," he remarked. Jagan listed "the vast brain-drain over the last 28 years" among Guyana's major problems.